

# Post-Communist Public Administration:

## Restoring Professionalism and Accountability

**Edited by:**  
David Coombes  
Laszlo Vass



**NISPAcee**

THE NETWORK OF INSTITUTES AND  
SCHOOLS OF PUBLIC ADMINISTRATION  
IN CENTRAL AND EASTERN EUROPE

Post-Communist Public Administration:  
Restoring Professionalism and Accountability

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## Restoring Professionalism and Accountability

Selected Papers  
from the 14<sup>th</sup> NISPAcee  
Annual Conference  
Ljubljana 2006

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Bratislava: NISPAcee, 2007

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The Network of Institutes and Schools of Public Administration  
in Central and Eastern Europe

**Post-Communist Public Administration:  
Restoring Professionalism and Accountability**

May 11 – 13, 2006, Ljubljana, Slovenia

Published by  
NISPAcee Press

Hanulova 5/B  
P.O.Box 163  
840 02 Bratislava 42  
Slovak Republic  
tel/fax: 421 2 6428 5557  
e-mail: [nispa@nispa.sk](mailto:nispa@nispa.sk)  
<http://www.nispa.sk>

Printed in Slovakia

ISBN 978-80-89013-30-2

This publication was funded by LGI/OSI (The Local Government and Public Service Reform Initiative, Open Society Institute), Budapest, Hungary.

The book contains papers from the 14<sup>th</sup> NISPAcee Annual Conference „Public Administration and Public Policy in Emerging Europe & Eurasia: For Professionalism, Impartiality and Transparency“, Ljubljana, Slovenia, May 11 – 13, 2006 organised in co-operation with the Faculty of Administration of the University of Ljubljana, Ljubljana, Slovenia.

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## Preface

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*David Coombes<sup>1</sup>, Laszlo Vass<sup>2</sup>*

The main theme of NISPAcee's 14<sup>th</sup> annual conference, held in Ljubljana during May 2006, was the re-building of professionalism and accountability in the administration of states in transition from highly-protected state-trading systems to the pressures of competitive markets and pluralist democracy. Published here is a selection of the papers presented to that conference by scholars and practitioners from NISPAcee's unique network in the region of Central and Eastern Europe and the former USSR. The papers have been abridged, edited and introduced by leading international experts in the field, and collected into sections relating to different major issues of the theme. Those issues are controversial for governments in the region, as well as for the international agencies and organisations that manage foreign assistance for the process of transition: the introduction of new methods and structures for making and implementation of public policy; the elaboration of normative conceptions of public service with new mechanisms to apply the rules of conduct for officials; and the relationship between those outside and those inside the region itself, on which reform of public administration depends, but which many believe is not working as it should.

The various contributions demonstrate how much local experts and practitioners in Central and Eastern Europe have been influenced since 1990 by contemporary developments in public policy and public service in the more advanced open economies and liberal democracies. They also show how and why it is crucial for those at the source of those extraneous influences to make up for their previous neglect, and even downgrading, of the need for professional and accountable bureaucracy in the long and difficult struggle with the 'transition', which seems to have brought so far mainly insecurity and impoverishment for a majority of those living in the region concerned.

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## **Disclaimer**

Each of the individual contributions contained in this volume has been subject to editing of a text written originally in English. In many cases the original text has also been abridged, particularly through deletion of material considered by the editors to be either too detailed and locally specific, or too academic for a book aimed at a wider international audience including practitioners.

NISPAcee has no responsibility for views expressed, or errors committed, by any of the contributors, including the volume editors.

# Section I

The Mission of Public  
Administration Reform in  
Post-Communist Europe  
and Eurasia



## Introduction

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*Laszlo Vass*<sup>1</sup>

The 14<sup>th</sup> NISPAcee annual conference invited the participants to discuss the issues of building a professional, impartial and transparent public administration and public policy-making system as the main conference theme. The reason of choosing this focus was that the countries of Central, Eastern Europe and Central Asia are facing new challenges in their administrative development. While they are still designing their own institutional systems based on their own historical development and culture, they also can learn from each other's experiences. New EU member countries are adapting to the new environment within the EU. After the legal harmonization with the EU law, these countries are looking for not only more efficient and economic public administration but also for the stable professionalism and transparent functioning in the policy process. The accession countries have been struggling with the tasks of administrative and legal capacity building, and they may utilize the rich experiences the new member states gained during their learning period. Those countries just going through the latest democratic renewal need support in strengthening the democratization and professionalization of their system of governance. Civil servants in the NISPAcee countries are frequently facing a growing degree of politicization in the public service. This unwanted tendency may result in very counterproductive outcomes in the operation of the public administration and the policy-making, like the deficits in the professionalism and the decaying impartiality. The new trends, the media coverage of politics and governance have also threats in the real transparency of the policy process.

The paper-givers of the conference: educators, researchers and practitioners arriving from different functional territories of public administration and public policy successfully enriched the discussion and the collective knowledge about key issues like the aspects of the administrative reform process itself, and the shortcomings of technical assistance by external development agencies for promotion of good governance in CEE and CIS states. The other papers dealt with various aspects of professionalism in the making and implementation of public policy, but these

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also contributed to a critical debate of the standards and expectations of public administration reform, viewed from perspectives of both donors and beneficiaries.

The papers and the discussions reconfirmed the planned focus of the conference: the professionalization of the public administration and the policy-making process is on agenda of the public administration reforms in the countries of the region. The task of development of the administrative capacity everywhere is in the centre of those reforms as well as the search for the resources and conditions of the development projects.

An unexpected lesson came out of the discussions, namely that reliance on the foreign advice has become a controversial issue, especially when the transfer of policies in the administrative development of the countries of transition is treated as simply mechanical. Sobered up after the euphoria of the gained freedom and autonomy, the CEE and CIS countries found themselves in the bondage of the political and organizational culture of the “old regime” and in the trap of the unsought “Westernization”. The conference discussions avoided any hypocritical or sententious statements. Instead, Western scholars analyzed the tragic consequences of the Western technical assistance, which had too often overlooked the need for sensitivity and understanding of the specific local contexts, especially the history and the societal characteristics. Distinguished speakers from the region revealed the risks of direct policy transfer and the weaknesses of the CEE countries in adopting the more advanced models developed recently in the west.

The conclusions are very important ones: in order to support the well-founded administrative development, a learning process is necessary for both the CEE and CIS countries, and the world which is ready to help them. An organic administrative development process in the CEE region cannot ignore the local conditions and capabilities, while on the other hand the same process should also be influenced by learning from the values and experiences of the democratic world. Supporters from the advanced democracies also should take into account that the learning of the CEE and CIS realities is essential, if they want to be effective.

Ms. Tiina Randma, who received the Alena Brunowska award, gave an essential summary of the discussions in her honorary lecture at the 14<sup>th</sup> NISPAcee annual conference (re-produced here as chapter 3 below):

*The main focus of NISPAcee has changed in parallel with the development of the countries in the region. While NISPAcee addressed the transitional challenges in the mid-1990s, and the Europeanization around the turn of the millennium, the focus is now moving Eastwards. Therefore, the keyword of today must be policy learning. As NISPAcee members come from countries in different phases of post-communist transition, the new EU member states change from policy-searchers to policy-providers. Analyzing the successes but also mistakes in Central Europe may*

*help the countries in the Caucasus or Central Asia to move effectively from policy transfer to policy learning. This will require an exchange of information, experience and best practice – exactly that which we are doing here in the NISPAcee conference in Ljubljana.*

# Advancing Public Service Professionalism and Widening Horizons

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*Derry Ormond*<sup>1</sup>

## Building up Governance: a Vital Function of our Times

Observers largely agree that meaningful governance change is intrinsically difficult to achieve, and in any case long term. Probably more so than most other public activities, partly because the public service is called upon to change itself with little outside help, incentive or pressure. Being a privileged witness to the public sector reforms of most of the Member countries of the OECD and some others, I have learnt how valid this judgement is, and in particular how problematic it has been for many of them to receive sustained political support for necessary transformations, outside moments of crisis.

Advancing professionalism in public service, in any country, must be seen from this angle, and against the startlingly **dynamic backdrop of societal, economic and geopolitical change**. The job of building up, adapting or protecting our governance capacities has become a vital function of our times, even the most important one. Key contextual factors include:

- the quick shifting public policy environment, whether in trade, energy, security, technology etc;
- the expanding web of mutual dependencies, both domestically and internationally. Virtually all policy fields have an international dimension today, and we are all concerned by the relative effectiveness (or not) of our partners' capacity to govern;
- citizens dispose of more information tools, and are more cynical and demanding; the media are distrustful and a negative slant tends to have more value than a positive one;

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- the power of (single) interests to influence public action, and the global development of mafia type activities is increasing; for example the number of lobby groups registered in Washington has increased fourfold since 1994 to 36,000;
- there are multiple forms of conflict in the post cold war era, whether external, internal, or terrorist, where there is often little precedent to guide public action;
- concepts of the state, and of different forms of representative government, already under critical scrutiny when the Berlin wall fell, remain in deep flux;
- international governance rules and institutions to deal with climate change, environmental threats, trade issues, etc, let alone conflict and oppression, lag far behind the needs.

One net result of these developments has seen **steadily widening demands on professional capacity** in the public service. In fact it is not an exaggeration to affirm that the role of public servants has undergone a paradigmatic shift in the late 20<sup>th</sup> century. For the first 25 years after World War II, budgets expanded in line with new functions, but today fiscal limits dictate a major focus on economy, productivity and value for money in the delivery of all public services. Yet at the same time the value put on responsiveness to citizens has gained in priority. The complexities and specificities of most areas of public responsibility have meant that the needs of governments for the best specialised advice and aids to decision taking available have grown immensely. This has been manifested in the spread of policy analysis and advice functions, in spite of the 'hollowing out' of these capacities for a time; in the institutions needed to address technological development and diversity; or, in the handling of international interchange under globalisation. Moreover, relating to the media effectively has become not only a political priority but has resulted in more central staff increases than most other areas.

Each of these changes can be seen in differing degrees in each national context, in terms of managerial competencies, political/administrative relationships, accountability arrangements, e government opportunities and trade offs etc. But overall, there has been a steady growth in demands on public officials, and widening of their responsibilities.

While the pressure to reform and restructure is strong, at the same time, countries have had to avoid some potentially dangerous courses, the **calls of the sirens!** Models or advice transferred wholesale from outside are rarely helpful. Slavish copying of business models or a rush to marketise are often inappropriate, as the difficulties with introducing performance pay even in very established national situations have amply demonstrated. The political rhetoric to increase citizen choice may create more confusion than benefits. Too much decentralisation, too soon, without adequate human resources may simply be a recipe for corruption and unfair treatment. Administrative decision taking by judicial process (the 'American disease') may exchange one dysfunction for another, etc etc. In short, there are no quick fixes. What the more successful public administration reforms show us is the need for

sustainability over the longer term across succeeding governments; ownership by a broad cross section of the political spectrum, and commitment by officials because they feel supported, and are intelligently pressured.

## **Professionalism: Long in its Formation, but Quickly Undermined**

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Against this fast moving, volatile scene, the basic goals of professionalism in the public service, which serve to characterise what we mean by being professional, remain clear enough. These have been well set out by the EU, by OECD/EU SIG-MA documents or, for example, especially well in the recent NISPACEE booklet on “Horizontal Integration” (Bratislava, 2005). We are talking about effective and efficient government by creating a *reliable and predictable* environment in which all parties including investors, know what to expect, under what conditions Citizens should be able to count on *proportionality and impartiality*, that is administrative action only as far as the law permits, which is manifestly neither unfair nor arbitrary, and which respects the person. Administrative services must be performed with due *timeliness* respecting rule specifying delays in delivering service. *Openness and transparency* are a protection against corruption, inequity and inefficiency. Properly *accountable* public action remains ultimately the most vital but perhaps most difficult dimension to ensure.

A vast array of elements contribute to establishing these characteristics, and which, steadily, but never totally satisfactorily, help create what might be called the ethos of professional behaviour. Such an ethos is, almost by definition, long in the formation but remarkably quick to disintegrate, particularly if deliberately undermined, or where the mechanisms to protect it are fundamentally weak. This presentation selects four distinct angles from which to look at professionalism:

1. Public Service Mechanics
2. Legal Certainty
3. Discretionary Capacity
4. The Soft Underpinning

More is said on Nos 3 and 4, than on Nos 1 and 2, which have been extensively analysed.

### **1. Public Service Mechanics**

Governments must be able to dispose of a stable basic structure for Public Service management. By these are meant viable arrangements for selection of civil servants, pay and conditions, training, careers, rewards, rights and obligations, etc. Without this framework there can be no established professionalism. While this is obvious enough, the obstacles to be faced in achieving this situation are considerable, from non respect for merit to insufficient budgets to lack of qualified candidates.



However, in addition, the situation of the public service is affected, not necessarily directly, but insidiously by the broader governance context in which it operates. Three such conditioning factors, which may undermine the Service's professionalism, may serve as examples, and which may well apply to any country today. First, inadequately constructed, ill adapted or poorly respected '**horizontal**' **government management systems** (policy formulation, budgeting, laws and regulation etc) will mean that civil servants cannot always carry out their jobs properly, but they may be blamed.

Second, legislation, any **inadequately implemented legislation** whether as a result of lack of political will and concrete follow through, unclear implementing authority, or budgetary shortfall may again put the public servants, whose job it is to deliver, in the political firing line.

Third, an ill defined or poorly respected **political/administrative interface** will also put both the operations and the public servants managing them at risk. The status of public servants in terms of this interface is in fact a central dimension of public life. There is a lack of clarity in many national circumstances in this regard, and it is always an area for potential 'erosion' of established principles. Some of the questions that need to be asked are: *who does what?* --- in some countries the idea that public servants should present considered policy advice and options to their ministers is still not acceptable, even if it is formally in their job description, or, they may be 'ordered' to present a particular option even though they may see on the analysed evidence that it cannot be viable. *What's political and what's not?* The rules governing what civil servants can do and say in the run up to elections is of current concern in some countries. *Who relates to the public, when and how?, Who briefs the media? Who relates to lobbies and special interests?* are other obvious questions where there is often a natural disinclination to clarify roles and avoid muddying the waters.

The implication of these examples is that the health of the public service cannot be seen in isolation, and is dependent on the quality and capacity of the wider government system in which it operates.

## 2. Legal Certainty

Part of ensuring professionalism is that people need to know where they stand. The laws and regulations governing administrative organisation and procedures; decision taking; integrity, impartiality and openness; accountability; fiscal rectitude; administrative and judicial enforcement and redress must be on the statute books. But the central difficulty is of course not there, but rather in implementation, which often lags behind reform, or which is undermined by circumvention of the rules.

In some of the NISPACEE countries, there have been delays in legislating reform. The rough average in the ten newest EU countries is that some 10 years was required to introduce major public service reform. While destabilising in the imme-

diate term, in retrospect, such a delay may have allowed necessary time to build up a clearer view of what was required, to mobilise the budgetary resources, and to ensure that once legislated, it could be applied. The fact that some countries had to start again gives some credence to this view. Over time, there is also the problem of erosion of this legal framework through practice and interpretation, because of inappropriate political intervention, or in response to political crisis. The legal responses to 9/11 in the United States and other countries, or the current widespread concern with migration and ethnic minorities, illustrate the potential dangers to what was perceived as legal certainty, as well as confidence in public authorities.

### **3. Discretionary Capacity in the Widening World**

Structures, statutes and legal framework are one side of professionalism, but as important is the real life operating context in which public servants actually have to perform. A vital dimension to that performance is their discretionary capacity. To what extent is it used and how? In conditions of transition away from autocratic forms of government, the question of how quickly such discretionary capacity in public servants can be developed, be acceptable and be used responsibly is a very real one, and it is suggested, needs continuing monitoring and research.

What can be said is that the widening world we live in demands more discretionary qualities and capacities in public servants than ever before, and that this is pushing out the boundaries of professionalism. While this applies to all classes of public servant, suggested here as five 'E's', are some of the key relevant needs applying at **senior level**:

- **education in policy analysis & options:** good policies do not just happen, they must be built, painstakingly but often under extreme time pressures, drawing on both political drive and first class analysis. Prerequisites are good information based on effective relationships inside and outside the administration; balancing of the interests involved; advance mobilisation of support; good use of relevant analytical techniques; presenting clear well argued choices; etc. NISPACEE has itself developed training courses in this area. Political leaders and top decision takers must be able to draw on the very best, yet looking around and back across the experience of the full range of countries, how often can it be said that this condition was fulfilled? The implication is that countries need to ensure, as Professor Yehetzkel Dror, author of the Club of Rome Report on *The Capacity to Govern* has repeatedly reminded us, that these capacities are created in anticipation; it is too late to muddle through, once on the job.
- **'environmental' understanding:** senior civil servants cannot operate effectively without a clear grasp of the entire context within which they are working. That involves breadth as well as sensitivity of vision. Knowledge in the full sense of the word is power, as Bacon affirmed, and that means consciously investing in

understanding why things are as they are, and often not as they seem, or are represented.

- **empathy (at home & abroad):** while being a competent administrator progressively embraces more and more than just applying rules and regulations within a hierarchy, the quality of empathy, of being able to understand where interlocutors are coming from, what motivates them and where exactly they stand becomes increasingly significant. Indeed this is an absolutely central requirement in the context of globalisation, where questions of culture, history, political decision taking, economy and social structure impinge on all forms of international contact. Without the combination of empathy and environmental understanding, what country can navigate successfully in the tricky, winding waters of the European Union today? Without empathy, can officials genuinely respond to the needs of groups or individuals, where the heart is required as well as the head, whether addressing the issues springing from deep social change, major income disparities, or multi-ethnic society?
- **engagement: decisiveness to advise, negotiate, manage & budget:** if political authorities are to focus on *their* top priorities, as they must, they have to delegate. Thus in order to be properly seconded, they must be able to count on the discretionary capacity of their officials to perform effectively within the limits of their responsibilities. How far those responsibilities run is a matter for regular clarification, but the general trend has been to increase them as the business of government has extended and become more complex.
- **evaluation & learning :** the stock political reaction to programme failure is to move on or out, hoping that people will forget. A willingness to review, assess and build on mistakes is increasingly perceived to be a more professional approach, as demonstrated for example in the British attempts, now meeting with some success, to reform the National Health Service; and as a more general example in the arrangements incorporated into modern national budget processes for various forms of programme review. But performing these functions requires sensitivity and discernment from the officials concerned.

#### 4. The 'Soft' Underpinning

The capacity to protect and strengthen the professionalism of public institutions, the law and public action in general, is strongly influenced (supported or weakened) by the **societal context**. It is here that *the possible* takes shape, both inside and outside of government and the public sector. It is where people (slowly) come to believe, or believe again that public authorities and public services can be relied upon --- an indispensable part of social capital. Call it the 'soft' underpinning of the rule of law. There are obviously many dimensions to this, whose relevance to any particular country will vary according to national circumstances. Some of the more important ones are referred to below.

The prevailing realities of the **political and economic environment** with their historical roots will clearly be a pervasive influence. For instance there is always an interesting comparison between the cooperative, consensus building politics in the Nordic countries or the Netherlands, and the more adversarial style of public policy environment in Westminster system countries, or in those countries where there is a strong streak of populism.

**Social attitudes** play a strong part. In some contexts, the demand for change and for professional behaviour by public authorities comes up against traditional passivity. That demand can be augmented by the actions and advocacy of civil society groups. Constructive nationalism, building on shared history and achievement, is influential particularly in those countries which were clearly defined nations in the past, like many Central and Eastern European countries. Ideas of service, civic responsibility and public spiritedness through participation and involvement, if carefully introduced, get people facing the right way and becoming positive.

A wide range of what might be called **socialisation initiatives** have been introduced into public life in the last quarter century, often successfully. ‘Training’, or seminars, for politicians not only helps build up competence, but also more of a collegial sense of solidarity with the public interest. All new members of the US Congress for example get a detailed briefing on the budget process. Seminars on current topics are regularly held for French governments. The top rank of the civil service is brought together as a matter of course in many countries (e.g. Australia, Canada, Denmark) for briefings, exchanges of view on current issues, or longer range brainstorming. Peer reviews and exchanges of information on promising practice reinforce the corporate sense of the public service, and prizes bring distinction. Involvement of think tanks and other outside expertise helps civil servants put public action into a realistic perspective. At another level, the relationship with the public can be helped by the fixing of special days. When Portugal launched “Debureaucratisation Day” at the end of each October, it had a resonant impact. Millions visit French public buildings when they are opened to the public one weekend each September. The common denominator of all these initiatives is that they help build confidence, and from there, trust.

What is done (or not done) through the **education system** is capital. It is noteworthy that from the 1960’s, many countries reduced or downgraded the amount of information and instruction on public institutions or “civics”. Belatedly, this is now being rectified in some of them. Without some basic popular knowledge, cynicism will spread, there can be little critical understanding of what professionalism is required, and there will be no call to ask for it.

As is well known, for meaningful improvements or change to take place, most countries need **external pressures and incentives**. The commonest, most powerful but probably least useful such pressure is crisis. But there are others which can be harnessed. Of these, joining the European Union, or relating more closely to it

through specific agreements, has clearly been a major motivating factor, and especially in helping to professionalise public service in the countries concerned. Other examples include arrangements for more parliamentary oversight, or new divisions of responsibility and public funding between different levels of government.

### *Organising the Centre to Make it Happen*

If professionalism in public life is to be promoted and advanced, it must also be managed and safeguarded. That means explicit, authoritative direction from the centre. Just creating a public service commission, or a public administration ministry on the same footing as other bodies, is not sufficient as so many examples in the last two decades have demonstrated. What this implies is first, attention to the proper functioning of all the 'horizontal' central management systems applying across all sectors of government as indicated at the outset of this presentation, from policy and budget processes through to the arrangements for public procurement, regulatory coordination, financial control or citizen redress for administrative errors. These vital systems are interdependent and condition fundamentally the content and value of public action.

The maintenance of strong civil service management, standards and training are a key dimension of those central management systems. To be effective, the central office must be seen to have power, and to be protecting the principles governing the civil service. It seems that in some recently joined EU Member countries that power is being undermined through political interference. There may be a case to consider making the main civil service management organ directly responsible to the parliament in some national circumstances in the same way as many national audit offices are.

Professionalism will not happen either if it is not explicitly supported by two key 'allies': the head of government and the ministry of finance. The head of government through the prime minister's office or the cabinet secretariat or the general secretariat of the government has a role of giving impulsion, of sustaining change and reform, of developing corporate identity, and, ultimately of guardianship of public institutions. Thus without the personal engagement of the heads of government in the United Kingdom or Portugal, or the central ministerial committee in Finland the major reforms in those countries could not have been achieved. At the same time, without the understanding and support of the ministry of finance, and the budget department in particular, attempts to modernise and professionalise will be rendered vulnerable. As the public finance function has progressively grown in stature, there has been more understanding in these ministries of the need for good management in government than was traditionally the case. Indeed to facilitate the linkage, some public service management agencies are now situated in finance ministries (e.g. Denmark, Finland, Sweden) sometimes after a spell of 'independence'. Nevertheless once within, their position still has to be protected against what might be termed the "overmighty budget interest".

### *Mobilising Support for Professionalism*

As all reformers know, improvement and change is only as good as the support which can be mobilised, from within the government domain of course, but importantly also from outside, as already referred to above. Where might that support come from? Probably the most powerful motivator of professionalism is **the business interest**, which has the means and the money, the lobbying capacity and consultative institutions to bring hard pressure to bear, as has frequently been demonstrated across a wide spectrum of countries (e.g. Italy, Portugal, Turkey). The danger of course is that the agenda will get skewed to suit only business concerns. To head this off requires proactive action by the public authorities to try to channel those interests productively, as done on occasion successfully by Australia, Canada, France or the United States.

**Other external pressures** may be mobilised by developing partnerships with respected NGO's in the delivery of certain social services for instance, or by combining different levels of government. France has had considerable recourse to such intergovernmental contracts. Citizens provide critical support through consultation and participation mechanisms. Perhaps least exploited, and certainly difficult to do, is to obtain the continuing, critical and knowledgeable interest, and even involvement of the media. The Chatham House Seminars in the United Kingdom is one good example of how this question has been approached.

Public service professionalism can also be given a vital push, by introducing necessary improvements on the back of **major government sectoral programmes** or political initiatives for example in health, education, energy or the environment. However this is more potential than actual, since there is not so far a large body of experience to draw on.

Public institutions are too important to leave to the vagaries of political advantage, but whose job is it to review their effectiveness before a crisis blows up, and ensure that meaningful improvements are introduced in good time? In short, who ensures **institutional watch**? This is partially done by ombudsmen, national audit offices, councils of state, annual reports to parliament on the public service etc. In no country as yet is there a body whose *raison d'être* is to do just this, a body which necessarily has to be free of government pressures, and which can exercise substantial autonomy and might even be independent. As its prime function, it could thereby keep alive, across succeeding governments, a national agenda of needed institutional improvements, including the guardianship of professionalism in the public service.

**International analysis, exchange and networking**, whether public, private or professional, will continue to have an important role as pioneered by the OECD, and successfully expanded under the OECD/EC SIGMA programme for Central and Eastern European countries. Such contacts help to get the inconvenient issues out

on the table, to bring to light interesting approaches and to provide peer pressure for change.

The interprofessional participation, exchange and mobilisation of ideas which takes place in **NISPAcee** will continue to be a significant dimension of that international scene. It can only gain by widening participation among practitioners, and involving some elected officials, perhaps by creating a “young politicians circle” for example; The engagement of practitioners particularly in the working groups will help promote understanding and commitment, and thereby help strengthen the creativity and professionalism, which no country can afford to do without.

# From Policy Transfer to Policy Learning in Central and Eastern Europe

*Tiina Randma-Liiv<sup>1</sup>*

Isolation is impossible in the contemporary world. Policy transfer and free exchange of experience and knowledge have become facts of everyday life in all countries. However, it is possible to distinguish between policy transfer and policy learning. Policy transfer is a broader term, also defined as 'a process in which knowledge about policies, administrative arrangements or institutions in one time or place is used in the development of policies, administrative arrangements and institutions in another time or place'. Policy transfer covers both 'voluntary' transfer and cases where certain policies are pushed or even forced on other countries.

Policy learning focuses only on 'voluntary' transfer, which occurs as a result of free choices of political actors. Policy learning is based on the initiative of governments willing to draw lessons from one or more other countries. While policy transfer assumes that not only are there common problems but also common solutions across different countries, policy learning accepts only the first of these two assumptions, namely that many countries face similar problems which, however, may require different response. Additionally, policy learning can also include learning from failures, not only from success stories.

The majority of studies on policy transfer have addressed highly developed countries. One of the main aims of post-communist countries was and is to catch up with the West which makes them particularly interested in drawing lessons from highly developed countries. I would like to argue that in the course of post-communist transition, the most progressive CEE countries have moved from policy transfer to more efficient and effective practices of policy learning.

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## Reasons for policy transfer in CEE

Immediately after the collapse of Communist regimes, the lack of four types of critical resources – **time, people, information and money** – has contributed to the need for policy transfer in CEE:

### *1) lack of time*

Changes in CEE have been fast and radical. Fundamental decisions on government institutions and individual policies had to be taken very quickly in the early 1990s. Uncertainty would always lead policymakers in transition countries to opt for a 'quick fix' to avoid possible constraints and even policy reversal. Policy transfer is known to help governments act faster in crisis situations. Early transition is in this sense similar to a 'crisis situation'. The generation of ideas and their analysis tends to be a lengthy process. In situations where there is no time to carry out systematic analysis, the obvious tendency is to look for 'ready-made' solutions from abroad.

As the speed of reforms slowed down by the end of the 1990s, the time pressure started gradually to diminish, and CEE governments began to have more time to think, and not only act. Moving towards policy learning means that governments can spend more time on the analysis of the experiences of different countries and their appropriateness to their specific national environments.

### *2) lack of people*

In the beginning of the 1990s, the work of the CEE governments was particularly complicated because both politicians and senior civil servants lacked the know-how to build up governmental structures and policies. Moreover, the newly independent countries also lacked an understanding of the very basic functions of independent democratic states. The CEE governments have been extremely overloaded by drafting immense amount of new policies and laws. Consequently, during the 1990s, the CEE parliaments, the newly founded political parties and government institutions lacked qualified people to carry out policy analysis. Therefore, foreign expertise was highly appreciated, as it was sometimes even easier to copy a foreign program than to argue for a 'home-made' one.

If there is a shortage of competent local policy makers, it is, however, difficult to judge foreign experience and compare various models. In such cases of 'uninformed transfer', the borrowing country has insufficient information about the transferred policy and its actual functioning in the donor country. There are indeed unfortunate cases where CEE governments have naively imported policies and programs that have also been seen highly problematic in their home countries, for instance, the introduction of performance-related pay.

One can argue that the sooner a post-communist government is able to build up a high-quality civil service able to carry out adequate policy analysis, the earlier

it is possible to move from policy transfer to policy learning by taking a proactive and informed role in the learning process.

### *3) lack of information*

Several CEE countries started out in their state-building efforts with very little knowledge of the West and a big demand to be like the West. Supply-driven policy transfer played an important role in the beginning of the transition period due to the fact that, with rare exceptions, decision makers did not have contacts with their colleagues in other countries. Consequently, in the development of political and administrative institutions as well as individual policies, the choice of foreign partners was rather chaotic, based on a limited number of informal contacts and often on the initiative of foreign governments or international organizations. As a result, the selection of foreign partners often took place without a careful comparison of potential role models. This, in turn, led to the overestimation of certain policies in individual countries, for instance, blind translation of German laws or British Citizen Charters.

As CEE decision-makers became part of international networks, their foreign contacts and comparative knowledge improved by allowing them to take a lead in proactively choosing role models and combining different practices rather than passively accepting partners.

However, there is a tendency even now that only Western countries are considered as models for lesson-drawing. This is highly problematic since several studies have demonstrated that new democracies share problems rather than solutions with highly developed Western countries. The success of policy transfer depends on the substitutability of institutions and equivalence of resources of the recipient country. It is thus debatable whether the richest nations of Europe provide the best lessons for post-communist countries. It would be perhaps even more useful to look, for instance, at Latin America or Asia.

### *4) lack of money*

Finally, financial limits have made the ready-made foreign solutions very attractive to CEE decision makers. Policy transfer seeks to avoid newcomer costs. Using the experience of other countries is cheaper because the respective countries have already covered the costs of policy planning and analysis—while creating original policies requires substantial financial resources. Financial limits also influence the choice of foreign partners by contributing to a bias towards ‘supply-based’ foreign expertise often accompanied by foreign aid.

Foreign aid has indeed made the advice supplied proactively by foreign partners very attractive. It has allowed foreign governments and international organizations to share their specific experience, but also to sometimes force their own policy solutions on the new democracies. It would be naïve to assume that the ultimate

goal of all foreign donors is to altruistically assist less developed countries. Foreign governments and international organizations, for example, the International Finance Organizations, may provide aid aimed to further their own political and economic interests. Although much good has certainly been done by foreign advisers, foreign advice has on the whole tended to be biased. It is only very recent (and still rare) practice that CEE governments have become ready to pay foreign consultants themselves.

## **Administrative capacity and policy transfer**

But...even if one had all the money in the world, it would not make the policy transfer necessarily successful. Administrative capacity is the key concern for a successful policy transfer.

The transfer of policies is not simply a technical exercise as it also takes into account political values and ideologies. Dressed in the guise of 'value-neutrality', foreign solutions can be used for influencing political decisions. The 'politicization' of policy transfer means that the examples of particular foreign countries are represented as if they expressed a political truth. Selectively citing the experience of other countries offers a way to control the decision making process and to legitimize the decisions already made. Political manipulation with policy transfer is more likely to happen in the early years of transition when comparative knowledge about various policies and administrative tools is insufficient. As local political actors develop their analytical capacities, the danger of political manipulation will diminish.

There is yet another side of poor administrative capacity. There is very little that a foreign partner can do if a host country does not have clear policies and strategic management in place. This is often the case in situations of 'supply-based' policy transfer. Reform projects that are funded, designed, managed and evaluated by foreigners are only occasionally backed by real commitment by the officials in recipient countries. Local decision makers often fail to develop ownership with such programs, since 'supply-based' aid is likely to stay disconnected from the important existing institutions or top officials.

The administrative capacity is also important for 'managing' foreign consultants. The success of particular policies depends on the historic, institutional and cultural background of each country. However, some foreign consultants may have in mind universal models of how to promote changes in their respective fields, be it the development of market economy or democratization. The general idea behind such universal models is an understanding that the use of the same 'template' will lead to similar consequences in each country. However, it has not been just the foreign partners that have promoted such an 'one size fits all' approach—sometimes transitional governments themselves have not been careful enough in emphasizing

their unique conditions as well as the distinctive institutional, financial and human resources.

The move from policy transfer to policy learning can only take place in parallel with the increasing administrative capacity. This is why the most successful policy importers are countries with the most developed public administrations and highly qualified senior civil servants such as Hungary or Slovenia within CEE.

## **Early versus late transition: from policy transfer to policy learning**

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Whether a country practices policy transfer or policy learning depends on the stage of transition. Supply-driven policy transfer is a 'transitional' phenomenon first of all. In a sense, new democracies do not have much choice: the supply-based policy transfer is unavoidable in early transition because of the lack of money, time, people and contacts. All the more, the most important task for real statesmen should be to move as quickly as possible from policy transfer to policy learning by increasing administrative capacity.

Last but not least, the aim to move from policy transfer to policy learning has also a crucial impact on Public Administration education. Comparative knowledge of policies and institutions is certainly a critical competence that should be included into PA curricula. But knowledge is not enough – the key competence is the ability to critically evaluate different practices, and to determine what the best policy solution is in specific space and time.

NISPAcee presents an ideal forum for its members to learn from each other. Learning not only from success stories but also from problems provides a very good basis for policy learning. This is equally important for the new EU member states and for the NISPAcee members which are still in an earlier transition phase.

Although the EU has had a crucial impact on the policies of the new member states, including large-scale policy transfer, policy learning has not lost its importance – to the contrary. For instance, here the new EU member states can learn from each other, such as in the management of the structural funds, in the application of the Lisbon Strategy, and so on. The current and future candidate countries, in turn, can learn from the new member states how to cope with the demands of EU accession. For those countries that will not enter the EU anytime soon, it is precisely policy learning that is needed, because this is exactly the framework in which successful solutions can be adapted, but where the special circumstances that the EU provides can be 'calculated out'. In fact, policy learning is about the only tool for those countries to utilize the experience of the countries most similar to them, the new member states.

The main focus of NISPAcee has changed in parallel with the development of the countries in the region. While NISPAcee addressed the transitional challenges in the mid-1990s, and the Europeanization around the turn of the millennium, the focus is now moving Eastwards. Therefore, the keyword of today must be policy learning. As NISPAcee members come from countries in different phases of post-communist transition, the new EU member states change from policy-searchers to policy-providers. Analyzing the successes but also mistakes in Central Europe may help the countries in the Caucasus or Central Asia to move effectively from policy transfer to policy learning. This will require an exchange of information, experience and best practice – exactly that which we are doing here in the NISPAcee conference in Ljubljana.

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# Section II

## Professionalism and Accountability in Public Policy



## Introduction

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David Coombes<sup>1</sup>

Possibly the single most crucial challenge for those who seek to adapt the public administration in states of Central and Eastern Europe (CEE) to the liberal democracy that has become characteristic of Western Europe since the end of the second world war, is how to assimilate the doctrines that have, throughout the west over that same period, caused public policy to be established as a scientific discipline, even a professional practice, in its own right. The NISPAcee has made a major contribution, in its conference proceedings and other publications in recent years, to guide states that are newly espousing liberalism how to make suitable adjustments – structural, technical and procedural – in an attempt to meet the challenge of public policy, understood as a specialised professional practice.

What makes the task of assimilation in this respect acutely difficult is the fact that the very concept of public policy is alien to the administrative culture and tradition of the recipients. Under communist rule, the discourse of public policy would and could not have had a place in the professional life of those employed, even at the highest echelons of the state service, including ministers and the heads of state agencies. The role of the typical state administrator in the old days was reactive and passive; all instructions from higher authority carried the force of law, and the duty of the official was clear: to implement that law strictly to the letter. Even when it was impossible to do what the law required (as it invariably was), the right action was at all costs to give a convincing appearance of having done what was formally required.

To act according to any different assumption of the official's role would have incurred an unthinkable risk, not only to the organisation's capacity to achieve (or, in practice more important, to *seem* to achieve) what was required of it, but also to the individual official's position, and, at the darkest times, his or her civic freedom or even life. While such an explanation might seem all too obvious to those who actually lived through such a system, or who have inherited its consequences, too many western observers, including those employed to advise and assist the transi-

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tion, or to inspect its results, are either ignorant of this historical reality, or reluctant to grasp its very profound significance for the project of transition, in which it can produce all kinds of unintended consequence.

Indeed, it is not enough to see this inheritance just as a hangover from an essentially authoritarian system. Whatever one may think then or now of its sincerity, the revolutionary mission of the Party, together with the latter's unique legitimacy as the vanguard of the active element of the population, so neutralised the discourse of politics and public affairs, and immunised the state administration from any possible uncertainty or disputability about its functions, that what prevented officials in such a system from entering into a discourse of something called 'public policy' was – more than just professional etiquette, more even than fear of retribution – the plain unfamiliarity of the words necessary for such a discourse.

The problem of assimilation, indeed, is partly one of linguistic interpretation, and this is another basic matter too often ignored by foreign advisers and researchers: in most languages utilised in the region (including Russian) there simply is no accurate, direct translation for the English noun 'policy'. The nearest equivalent, and the one commonly used by interpreters, is the word corresponding to English 'politics'. It is easy to imagine the confusion which this must have caused in conversations at all degrees of formality between helpful foreign donors and anxious local beneficiaries of technical assistance from the west to the east over the past 15 years. What are reformers in CEE transitional states expected to make of the contrary injunctions: essentially to work towards a hard and fast, legally-explicit, separation of the professional civil servant, even at the higher levels, from *politics*, even the politics of his or her own minister; yet at the same time to re-define the task of civil servants, especially those of higher rank within ministries, as being to do essentially with the making and implementation of *policy*?

On the other hand, the problem at issue here should not be mistaken as primarily one of translation. French, German, Spanish and Italian also lack a direct nominal equivalent to 'policy', but this has not prevented the common term for politics from being used ambiguously, but comprehensibly according to context, to refer both to the contest for power, and dispute about principle, associated with the role of modern democratic political parties ('politics'), and to a course or programme of action prescribed by public authorities to achieve some agreed objective in the public interest ('policy'). The content of policy studies is thus nowadays discussed as freely and coherently (in so far as it can be at all) by French and German speakers as by those whose mother tongue is English, or a hybrid version of English.

It is still remarkable, nevertheless, how often non-native English-speakers find it desirable to revert to use of the foreign English term, 'policy', for fear of imprecision. This is only one reason for a lingering worry that the whole project of public policy as a purportedly distinct realm of professional practice or academic research may, after all, arise from a problem that is historically and culturally specific to An-

glo-Saxons. We all know, and perhaps too well, that in today's world there is a sense in which we are all Anglo-Saxons now (and all liberals). However, the precise reasons for that tendency, the extent to which it is historically determined, and, above all, its consequences for the ecological balance of humanity as a species, are all questions that it is utterly legitimate – if not obligatory – to ask. The fact is that: do but scratch below the surface of the discourse, and you will find that the difference between policy and politics is actually not so obvious as students and practitioners styling themselves as specialists in public policy would like us to assume.

In other words, underlying the whole debate about public policy as a unique methodology, and the enthusiasm to treat it as a professional specialisation in its own right, is a very fundamental issue that has always been at the core of public administration, in both study and practice: the relationship between administration and politics. This calls for a treatment too extended to provide here, though much has already been published elsewhere, not least as a result of the NISPACEE's own sustained attention, mainly through its Working Group on 'Politico-administrative relations'. However, much of the work by NISPACEE so far has been missionary in intent (to borrow Ronald Young's terminology, see chapter 20 below): concerned mainly to persuade those from the CEE states of the need to limit political influence on the appointment and working conditions of civil servants. This is a noble mission, but nevertheless one that too easily overlooks the main point that a more detached and intellectually rigorous examination must reveal. The relationship between administration and politics depends everywhere and always, not on legal provisions to provide, and then protect, the neutral status and rights of civil servants, but on *the political context from which that relationship emerges*, and in which it must operate, above all the nature and role of political parties. As all students of comparative politics know, these relevant contextual factors vary decisively from one part of the world to another, and between different stages of economic development.

One difference that is especially relevant to the current debate concerning the transition of CEE states, arises from the fact that in Anglo-Saxon societies (that is, wherever an elite descended from – mainly Protestant – English colonists has been retained) the state never acquired the same importance for economic development or national security as it did on the mainland of Europe (and now in most of the island of Ireland). The true reasons for this comparative difference are arguable; they may be partly cultural/religious, partly geographical, but partly also policy, in the sense of a deliberate strategy, in this case of predatory exploitation of others' land and labour. Nevertheless, the state, as a unique source of political authority in a defined territory, has always lacked an adequate justification in the English-speaking tradition, especially in terms of law. Neither in the British Commonwealth nor in the USA did public authority, formally embodied in the state, ever acquire the same pre-eminence as it held continuously in the European tradition as unique representative of the political community, as well as custodian of the nation's particular values and its safety. In the Anglo-Saxon world these vital functions of integration

and conservation were traditionally left far more to private entities, organised on either individualist or patriarchal principles (and with commercial as often as altruistic motives).

However, as the related needs of both development and security (especially in war-time) came to demand far more in the way of intervention by public authority than this Anglo-Saxon tradition would normally have allowed, it also became necessary to invent a doctrine to justify and to direct the new enlarged, *de facto* state apparatus. Hence the science of 'public policy', and eventually its ancillary quasi-professional status. Although the science of public policy is substantially a product of the American academy, it was nevertheless those Anglo-Saxons who had remained in the British Isles (and thus in geographical proximity to continental European influences) who succumbed first and most convincingly to the influence of the European state tradition. While the value of an established, merit-based bureaucracy has even now still not been fully recognised in the USA, at least as a necessary part of central government (though it may be more evident in particular public agencies or in large-scale private corporations), the shortcomings in terms of both economic efficiency and social cohesion of unrestrained political patronage had been already recognised in Britain by the middle of the nineteenth century. From there the conventions of impartiality, anonymity, corporate loyalty, and reward based on merit and longevity of service – in effect, professionalism – spread to those other parts of the Empire (now Commonwealth) where descendants of English colonists have continued to be the dominant class.

Even so, the willingness to recognise public service as a profession in its own right, let alone the feasibility of treating public policy as a specialised discipline open to a degree of scientific analysis and explanation, came very late in the UK (and even Canada, Australia and New Zealand), later indeed than in the USA. Right up to the 1970s (and even to some extent the present day) there has been resistance to treating full-time career civil servants as professionals, certainly by using that same term, which is customarily reserved for specialist cadres performing specific advisory or technical functions, and classified separately from the 'generalist' mainstream of career administrators.

In contrast, states on the mainland of Europe have been both more necessary for the maintenance of social cohesion, and much more successful than their Anglo-Saxon counterparts as agents of a process of nation-building. They have also proved to be much more effective as repositories of a national will, so that their role in provision of essential social services, like education, health and social security, and in the maintenance of full employment and of the physical infrastructure necessary for economic development has been much more readily accepted, along with the acquisition of highly-skilled and qualified human resources necessary to perform those functions effectively. Indeed, the state's importance for the setting of standards in science and technology on the mainland of Europe made possible (and

thus largely preceded) the development of professionalism in all the main spheres vital to modern economic development, even including key technological professions (like civil engineering or aeronautics), as well as 'liberal' ones (like architecture, medicine, law and accountancy).

The professionally-qualified specialist was thus afforded a privileged and protected status within the public service of most European states, and even the political leadership would normally owe it deference. This same tradition was largely inherited by the current states of CEE and the former USSR.

The role of the professional specialists in European public administration was also normally subject to approval and supervision by other officials, especially those who occupied the various financial and technical inspectorates, local governorships, advisory councils and administrative courts through, which public accountability is enforced, especially in the interests of financial and legal rectitude. While being specialists in their own right, primarily in law and jurisprudence wherever the German tradition prevailed, these mainstream officials came to exercise such powerful influence over the use of public power, that they formed a recognised elite, within both the public service and the general population, capable, even when not actually occupying political posts (as they often do, including that of minister) of preventing political decisions from being adopted, let alone implemented.

Consequently, in the main European tradition, however diversely applied, professionalism and politics live much more easily together than in the typical Anglo-Saxon practice, with its inherited tendency to mistrust political authority and reserve it to amateurs, albeit those enjoying elite status on some other economic or social grounds. In the UK particularly, since the middle of the last century, it has been the amateurism of public administration that has been the tradition most difficult to defend, even as a safeguard of personal liberties and political freedoms, where its strength had seemed to lie by comparison with the European mainland. Subsequently, British public life has been transformed since the 1980s on an almost revolutionary scale, by the adoption of a self-consciously professional approach to 'public policy', which is often nowadays championed as a means of by-passing the established 'generalist' civil service. This reformist movement came about initially in the 1960s and 1970s in anticipation of Britain's integration in Europe. But its expansion to revolutionary proportions must be traced to a series of reforming or modernising British governments of different political persuasions since the 1980s, which have increasingly replaced the established civil service, on the one hand, with special 'policy advisers' directly appointed by, and answerable to, party leaders in office (and especially the prime minister personally), and, on the other hand, au-

tonomous agencies, many of them profit-seeking and managed with participation of private capital.<sup>2</sup>

This historical analysis should help to explain why three caveats are in order for those keen, usually for otherwise good reasons, to incorporate a quasi-scientific approach to public policy in their country's current system of government. In fact, taken together the four contributions to the NISPA conference 2006 reproduced below, each with its own perspective, and from a different location, serve to demonstrate both the presence of the risks, and the significant degree of awareness of them, that evidently already exists in CEE.

First, there is what we might call the 'Trojan Horse' effect of importing contemporary western theories of policy analysis. The warning here is to be careful, when removing the gift-wrapping, about contents on the inside that may have unexpected and also unwanted consequences. While superficially neutral, empirically rigorous, and abstemious about power, the practice of policy-making as applied science has become widely associated in practice, as in the UK, with institutional changes that give higher profile to partisanship, ideology and political will, and often wilfulness, as well as a concentration of power in the chief executive and his or her personal entourage.<sup>3</sup> In other words, those who gratefully import the policy analysis package as a vital guarantee of the neutrality of public administration, and a way of avoiding confusion of the public interest with the opinions, ambitions or shortcomings of a particular party or personality, may find themselves up against a paradox. In the wrong hands, and with inadequate institutional controls, the scientific approach to public policy may just as easily enhance the power of political leadership to override not only parliament and the public but also the executive authority of ministers and the permanent civil service with possibly disastrous effects on accountability and transparency.

As Deborah Stone and others have pointed out, policy cannot ultimately be separated from politics, as a constant process of disputation about how the public interest should be defined, both generally and in specific cases. All 'policies' inevitably reflect the particular prejudices and predilections of those who frame them, while what policies are adopted and implemented as official guidelines of executive

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2 These consequences are elaborated by Sir Christopher Foster in his (2005) *British Government in Crisis* Oxford: Hart Publishing, see especially pages 191 – 222. Foster's account of the harmful effects of politicisation, and decline of traditional values, is particularly impressive since it is made by one of the most prominent policy advisers brought into British government in the 1960s, as part of an early assault on the power of the established civil service.

3 A recent example is the decision by Prime Minister Blair to support the catastrophic American invasion of Iraq for personal reasons, against a range of qualified military, legal and diplomatic advice, and despite the much-trumpeted claims of his administration to champion an 'evidence-based' approach to policy-making.

action by the state, and backed by the latter's right of legal enforcement, will always depend on the prevailing distribution of power.<sup>4</sup>

The two contributors below regarding Bulgaria (**Katsamunska**) and Romania (**Bondar**), respectively, are therefore very wise to emphasise the institutional implications of giving precedence to policy analysis and review as an application of specialist professional skills in modern administration. Both are surely right to sense that more is involved than just the introduction of new scientific techniques, where otherwise political will or bureaucratic inertia would prevail. These contributions suggest, in effect, that, in the places facing this process of assimilation, we should anticipate a widespread, even radical, shift in administrative culture, along with corresponding displacement of those with traditional qualifications and skills.

At the same time, those who genuinely want to introduce government in accordance with liberal principles should be vigilant in exposing the politics in policy; in other words, accountability should be developed as an essential balance to professionalism. Ultimately, in the east or in the west, the use of rhetoric to advance selfish interests amounts to the same skilled deception, whether it be the rhetoric of Marxist-Leninism, or that of 'public policy analysis'. The only real safeguard against it is a healthy and vigorous system of checks and balances, which is in turn much more likely to be effective when underpinned by constitutional norms and institutional structures. This is why the contributions on Slovakia (by **Lastic**) and Serbia (**Rava**), with their emphasis on different aspects of sharing of executive power (with parliament in the first case, and the republican presidency in the second), are also extremely relevant to the introduction of public policy professionalism.

**Lastic** also draws attention to another aspect of the 'Trojan' phenomenon by demonstrating how the process of EU accession has strengthened executive power at the expense of the legislature – in a way largely unintended within Slovakia itself, and also contrary to the somewhat hypocritical claims of the EU to promote accountability and transparency through democratic methods in its member states. Clearly, Slovakia's rulers have been under exceptional pressures to catch up with neighbouring states in legislative harmonisation with the EU's economic regime. Nevertheless, the results of the Slovak elections, held since **Lastic** wrote his article, may confirm the danger that governments of a mainly liberal or centrist persuasion can all too easily lose popular support, breed cynicism even among their own supporters, and so be disarmed by illiberal populist movements, if they allow too many exceptions to the normal, constitutional requirements of representative government, for the sake of what is seen as necessary modernisation through conformity to European or international standards. European authorities, as well as inter-

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4 See Deborah Stone (2002) *Policy Paradox: the art of political decision-making* New York and London: Norton, especially pages 17 – 34, 376 – 83. On the need to dilute rationalistic approaches to public policy with attention to context and with the de-construction of narrative, see Frank Fischer (2003) *Reforming Public Policy* Oxford: Oxford University Press.

national organisations, must be expected to favour a more centralised approach to policy-making, and to be less sensitive to the local context of government, so that encouragement to vest greater powers in specialised units at the centre of government (an approach typically championed by the SIGMA team at OECD) should always be regarded with caution by the recipients of external ‘technical advice.’

The contributions on Bulgaria and Romania, the two newest members of the EU, seem to confirm that the introduction of new procedures and structures to upgrade centralised policy analysis and review typically do: both follow external pressures, especially from those acting on behalf of the EU; and present a significant challenge to traditional methods of administration. While none of the contributions go so far as to say this, nevertheless, we must surely sense a risk, especially in the special circumstances of post-communist states, that the application of western conventional wisdom about public policy may have unfortunate unintended consequences.

In the context of CEE and the former USSR, policy may all too easily be conceived as a unique, knowledge-based discipline, endowing a select cadre of policy-makers with authority to map a more perfect future, just like the communist ideology and *Nomenklatura* that previously filled a correspondingly strategic purpose in the old regimes. This comparison may also prompt us to suspect the motives of those already employed in the state apparatus who are most willing to espouse the new rationalist methodologies of policy science, and take on staff functions of analysis, monitoring and evaluation professionally detached, in the interest of ‘objectivity’, from the messy business of service delivery. As with the *Nomenklatura* of old, the most sought-after – because safest – jobs are those where direct responsibility for implementation can be avoided, along with the inevitable failure that awaits all projects rationally designed to improve the human condition. It is precisely this gap between policy and implementation that has bedevilled social reformers, as much in the mixed economies of the liberal west, as in the command economies derived from Marxism-Leninism.<sup>5</sup> The key issue remains that of how best to manage the work of the true professionals – civil engineers, medical practitioners, nurses (caring for those with physical or mental disease), educators, veterinarians, architects, police and military – those who basically know how to get the job done, but also know that as often as not it simply cannot be done, at least not in the way expected by those driven by some political motive.

None of these warnings should be read as a denial of the very real value of much that has been written and taught in the name of ‘public policy’ as a discipline in its own right. Indeed, there is surely more than just cultural imperialism behind the fact that the term ‘policy’ is now more widely used in the discourse of

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5 See in particular, James C. Scott (1998) *Seeing Like a State* New Haven: Yale University Press. Also Pressman, J.L. and Wildavsky, A. (1984) *Implementation: how great expectations in Washington are dashed in Oakland . . .* 3<sup>rd</sup>. edition, University of California Press.

administration, even though it proves invariably so untranslatable from English. Probably the best way for those who teach and practice public administration in a post-communist setting to interpret this conceptual innovation is to recognise the inevitable presence of politics in nearly all that is administration at all levels. This is still a daunting enough cognitive leap to make, especially for those who have already worked in an administrative setting, but in reality it is less a conversion to new systems of belief that is required than a renunciation of previous denial. This is what ‘transparency’ should mean in this context: a realisation and acceptance that from now it is both safe, and indeed even advisable, to admit the truth. Perhaps even more preliminary than that: it is both safe and even desirable at the site of administrative practice actually to talk, as well as to listen (genuinely) to the talk of others.

Building new systems of control and inspection to ‘monitor’ and ‘evaluate’ the work of administrators, especially when these are embedded in a larger framework of hierarchical authority, are not of course the best way to cultivate such a change of working practice. But there are other methods, and other applications, of policy analysis and review which can be more therapeutic, so long as they are set in a context of genuine institutional pluralism, designed to guarantee that everything done in the name of state is – as a defining characteristic – legitimately open to public disputation in all but truly exceptional circumstances.<sup>6</sup> On the same condition the following positive reasons may be given for encouraging a discourse on public policy, even where the words do not exist in the language of everyday life.

- The practice of administration needs to be subject to continual reminders that the routines, standards and fixed aims, which it applies, are always disputable by someone somewhere. That is partly because they inevitably in a modern, post-industrial society favour some group of individuals over another, either deliberately or by default. (All sectors are defined ultimately in terms of the need of some specific group or groups to obtain a livelihood, by legal or other means, and public policy for that sector must be defined accordingly: either to protect that interest or to restrict it with compensation or coercion.) In other words, *sensu stricto* there is no such thing as neutrality in the conduct of public administration, all that is possible is to seek as much fairness as possible and to be willing to justify in public the prevailing sense of what is virtuous. Moreover, given the systematic unpredictability of human affairs, there can never be complete certainty that an intended outcome will actually be attained, or an undesired

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<sup>6</sup> On the importance of visibility for overcoming the inherent limitations of public accountability as a means of exercising popular influence on public policy, see Dunn, John (1999) ‘Situating Democratic Political Accountability’ in Przeworski, A. et. al. *Democracy, Accountability, and Representation* Cambridge University Press, pages 329 – 43.



one successfully averted. Administrators, therefore, cannot do their job properly without use of both rhetoric and politics.<sup>7</sup>

- In view of their increased exposure to economic, cultural and political forces operating on a world-scale, it must be considered vital for the new states of CEE and Eurasia to develop their capacity at the centre of government to coordinate actions by different parts of the public sector. Correctly, the aim of this is increasingly recognised by public policy specialists in the new states as the need to make a common strategy of longer-term economic development, based on an assessment of what is affordable, both in economic terms, and in terms of the relative sacrifices acceptable to different groups of the population. Aspirations to autonomy will otherwise lack real foundation, and international trade and financial institutions will continue to determine the ultimate use and deployment of public resources. In the continued absence of a truly federal union of Europe, even membership of the EU is insufficient to eliminate this same challenge to genuine self-government.
- Finally, politics also needs administration. The concept of ‘policy’ may help, therefore, to fill a dangerous gap between politics as the raw, instinctively self-seeking or partisan excitement of elected representatives and the detached, reflective, anonymous tranquility of established career bureaucrats. It is presumably what Max Weber meant by the need to temper the passion of politics with the realism of administrators (in *Politics as a Vocation*).<sup>8</sup> Although we know that European bureaucracies notoriously and catastrophically failed in this obligation during parts of the past century, the subsequent efforts of western European societies to keep a much tighter check on what their political representatives can get up to (at least on the European mainland) have been impressive. On critical issues high in longer-term social significance, but possibly low in short-term political advantage, like environmental protection, the prudent use of professional advice may play a vital role in protecting the public over the private interest.

It is extremely encouraging to read in the four diverse contributions that follow this introduction how these issues are being addressed – realistically and imaginatively – by those in Central and Eastern Europe who concern themselves professionally – both from an academic and a professional perspective – with the difficult changes taking place in their own countries’ attempts to fashion systems of public administration commensurate to the challenge of economic transformation in a turbulent and unpredictable international environment.

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7 For more about this, see Stone, op.cit., and Majone, G. (1989) *Evidence, Argument and Persuasion in the Policy Process* Yale University Press, especially page 67: ‘... policy problems carry no guarantee that there exist correct solutions against which the analyst’s conclusions could be checked. Policies usually fail in some respects and succeed in others, and the relationship between what the analyst does or says and the final outcome is always indirect and uncertain’.

8 Peter Lassman and Ronald Speirs eds., (1994) *Weber: Political Writings* Cambridge, Cambridge University Press.

# Capacity for Policy Implementation in the Central Government of Bulgaria

*Polya Katsamunska*<sup>1</sup>

## Introduction

During the last decade all states in Europe have to some degree faced challenges of an increased complexity of policy issues, and new burdens arising from the processes of globalization and European integration. The experience of Bulgaria, as of other former communist states in Central and Eastern Europe, shows that in the period of transition the capacity for policy formulation and implementation is crucial for the transformation of the country. To facilitate this process two major requirements are: adequate capacity for political leadership; and firm institutional arrangements. Traditionally, the responsibility of the political leadership is assumed to relate to policy, while the translation of policy decisions into implementation is the key function of administration.

In Bulgaria the reforms for establishing a democratic society and market economy started in the early 1990s and it was expected that the new democratic institutions could develop necessary capacity to carry out reforms and implement their policies, but significant instability became a major impediment to any truly profound economic and social reforms. Since 1989, when the changes started, Bulgaria has had eleven governments, but only two of those managed to fulfil their due term of office (the Kostov government 1997 – 2001, and the government of Simeon Sax-Cobourg-Gotha 2001 – 2005)<sup>2</sup>. Most often the failures of government had been blamed either on weak political leadership or inadequate administrative performance.

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<sup>2</sup> State gazette 1990 – 2005

## **Government composition and changes in political leadership**

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The general structure of powers was established by the adoption of the new Constitution in 1991. That constitution stipulates that the *council of ministers* is the central executive authority, collectively responsible for managing and implementing domestic and foreign policy, while the role of the *prime minister* is to direct, coordinate, and take responsibility for, the overall policy of the government. The actual composition of the government is proposed by each candidate prime minister. The government is then appointed *en bloc* by parliamentary approval, and is subsequently accountable to the parliament.

Following the latest parliamentary election, in June 2005, the Bulgarian parliament is composed of seven parties, which is a higher number than ever before in the history of the state. No one party won a majority sufficient to rule alone, and a period of almost two months of difficult political consultations were required to compose a new government out of the complicated political situation. The leader of the *Bulgarian Socialist Party* (Stanishev) was nominated for the post of prime-minister, but his first attempt to head the government in coalition only with the *Movement for Rights and Freedoms* was blocked by the parliament. After an agreement reached among the three largest parties in the parliament (the *Bulgarian Socialist Party* (BSP), the *National Movement Simeon II* (NMSS) and the *Movement for Rights and Freedoms* (MRF), the Stanishev government was appointed in August 2005 with a mandate due to expire in August 2009. As a result of the coalition agreement, the distribution of posts within the government is proportional to the size of the three parliamentary groups supporting it in parliament. Thus the council of ministers was initially composed of: eight members of BSP, five of NMSS and three members of MRF.

There are also three deputy prime ministers, each of whom was appointed by a different party in the coalition and was given additionally a ministerial post in a key area (respectively: foreign affairs; education and science; and natural disasters and emergencies).<sup>3</sup>. Along with the responsibility they bear as ministers, each deputy prime minister is responsible for a particular sector, in order to provide balance, and improve coordination, between the key actors in the government. The position of prime minister implies overall responsibility for the policy of the government, but key issues in the areas of interior affairs, defence and finance are also under his direct supervision and control. The deputy prime minister of BSP, however, has overall responsibility for policy implementation in the fields of agriculture and forestry, economic affairs, energy, and European affairs. The deputy prime minister of NMSS is similarly entrusted for culture, state administration and legal affairs, and the deputy prime minister of MRF's specific areas of competence include labour and social affairs, regional development and public work, and health.

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3 Unlike the previous government in which when all of the three deputy prime ministers were members of the same party (NMSS)

In contrast to the previous government mainly of ‘technicians’, the current one has a predominantly political profile since all ministers are members of the three political parties in the coalition with the only exception being the key figure of the minister of finance, who owes his position to technical expertise rather than political allegiance. When the government of Simeon Sax-Cobourg-Gotha came into office in 2001, it declared its intent to continue following the main priorities set by the previous Kostov government. Initially, the government was composed of 16 ministers, who were not political figures.<sup>4</sup> Right from the start this government reflected some structural changes, in particular, the transformation of two executive agencies into ministries. During its term of office several ministers were replaced, especially towards the end of the mandate, when, in order to ensure enough parliamentary support and keep the government in office, a new parliamentary group joined the coalition and one of its political figures became a minister.

A specific characteristic of the current government is the establishment of the *coalition council* of which the key actors are the three leaders of the political parties that make up the government. The council was created in order to reach agreements on key issues on the overall government policy, as a way of maintaining the regular functioning of the coalition. Another major difference between the last two governments refers to the number of deputy ministers. Whereas the government of Simeon Sax-Cobourg-Gotha included 55 deputy ministers, their number considerably increased and reached 71 under Stanishev. Some of the main similarities and differences in the composition of the two cabinets are depicted in Table 1

**Table 1**  
Comparison of initial composition of the two previous governments

<b>Government</b>	<b>Initial number of the Council of Ministers</b>	<b>Initial number of deputy prime ministers</b>	<b>Initial number of main structural changes</b>	<b>Initial number of deputy ministers</b>
Simeon Sax-Cobourg-Gotha (2001 – 2005)	17	3	2	55
Sergei Stanishev (2005 – 2009)	17	3	5	71

This brief comparison of the way the two previous Bulgarian governments were composed demonstrates that the proportion of ‘political’ as opposed to ‘technical’ appointments is higher when the government is more dependent on political support of different parties in parliament.

<sup>4</sup> This profile changed especially when the head of the parliamentary group of NMSS became deputy prime minister charged with the issues of European integration and administrative modernization.

The significant difference in the number of deputy ministers, illustrated in this table suggests that the deputy minister's role is not clearly enough defined, an impression that is re-enforced by the observation that those appointed to this post do not have specific functions in the policy process. The law on administration provides that the deputy prime ministers support the work of the prime minister and may be given distinct areas of competence by the prime minister. The same act provides, with regard to the post of deputy minister, that its incumbent assists the minister concerned in implementation of the government programme, preparation of draft laws, and performance his or her duties in the functions assigned to him or her, which the minister may delegate to deputy ministers.

At this point we should also draw attention to the important role of *political cabinets* in the exercise of executive power. The prime minister, the deputy prime ministers and the ministers all have political cabinets attached to them with analytical and advisory functions and the tasks of supporting policy development and ensuring the necessary information and coordination for decision-making. The members of the political cabinets, though described as 'experts', clearly have a political affiliation and are thus not granted the status of civil servants.

## **Administrative structures at central level and mechanisms for coordination**

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The council of ministers in Bulgaria has developed as a strategic centre for policy formulation and coordination management and coordination of the work of the executive bodies for accomplishing a coherent state policy, while ministries themselves are the specialized units for development of sector policies. The council of ministers has its own administrative services, alongside those of each ministry, while there are also a number of other administrative structures established by a law or a decree of the council of ministers to manage specific policy sectors.

The law on administration recognises three different types of administrative structures with specific functions at the centre of government either operating directly under the council of ministers or subordinated to individual ministers with functions related to the implementation of executive power. *Executive agencies* are established as units providing administrative services, and implementing specific tasks, as designated by the ministry concerned. *State commissions* are units subordinated either to the council of ministers or to a particular minister, in order to implement specific functions of controlling, registration or licensing in regard to enforcing a law or decree. The state agencies are units directly subordinate to the council of ministers for implementation of activities that are not performed by another ministry.

Analysis of the data published in the register of administrative structures shows that at the end of 2003 there were 121 separate organisations within the cen-

tral administration, of which 24 operated under the Council of Ministers and 80 were subordinated to Ministers. By 2004 the total had reached 193<sup>5</sup>, and the expansion was sustained in 2005, as illustrated in Table 2.

**Table 2**

Comparison between administrative structures at central level for 2003 and 2004

	<b>Total number of structures</b>	<b>Subordinated to the Council of Ministers</b>	<b>Subordinated to Ministers</b>
2003	121 – this includes: 16 ministries 24 structures to CoM 80 structures to Ministers	8 state agencies 5 state commissions 11 administrative structures	22 executive agencies 2 commissions 46 administrative structures
2004	193 – this includes: 16 ministries 19 structures to CoM 152 structures to Ministers 5 state institutions	7 state agencies 3 state commissions 9 administrative structures	36 executive agencies 2 commissions 114 administrative structures

Source: Annual Report for the Public Administration in 2003 and 2004

The organizational relationship between politicians and civil servants in Bulgaria is regulated by a *law on administration* and a *law on state servants*. These laws clearly distinguish between a political post (minister) and a professional career post (general-secretary, director, head of section, etc.). The administrative head of a ministry is the general secretary, which is a professional post, while the executive team of the ministry consists of the minister, deputy-ministers and the staff of the political cabinet, which is limited to five per cent of the total number of the administrative staff. Table 3 illustrates the size of the state administration and the changes that occurred over the period 2001 – 2004.

**Table 3**

Size of the State Administration for the period 2001 – 2004

	<b>Total number of administrative employees</b>	<b>Number of employees in the administration at central level</b>	<b>% increase in total</b>
2001	18 311	14 850	41.8%
2002.	72 530	20 154	28.6%
2003	81 062	22 711	10.3%
2004	85 340	31 854	5.3%

5 2004 Annual Report for the Public Administration, issued by the Minister of State Administration in Mayl 2005

Source: Annual Reports on State Administration for 2001 – 2004

The previous government made only few structural changes initially by upgrading two executive agencies into ministries. The current government also started with structural changes, a good example being the establishment of huge Ministry of Economics and Energy, which was a result of joining two separate ministries (Ministry of Economics and Ministry of Energy and Energy Resources). Another important change in the structure was the transformation of the Ministry of Youth and Sports into an agency. The changes were not confined only to transformations of some the existing structures, because some ministries were newly-established (Ministry of State Administration and Administrative Reform, and Ministry of Natural Disasters and Accidents).

The priorities of the Ministry of State Administration and Administrative Reform are modernization and organizational development of state administration, training and management of human resources, development of e-government, improving and simplifying administrative regulations and services, and increasing the transparency of state administration. Since the ministry was established, all its activities have been directed towards the implementation of its functions. The first results of its work relate to the amendments of the current legislation proposed by the ministry regarding the *law on administration* and the *law on state servants*, which were adopted by the council of ministers in the end of 2005. The ministry also developed a legal draft for 'e-trade', defining the obligations of suppliers of information services to provide information. Changes were also made with regard to secondary legislation, relating to the composition of the *council for modernization of state administration*, as well as the introduction of flexible rules making the work of that body more effective. In cooperation with the Ministry of Justice, the new ministry also drafted rules of conduct for the personnel employed by ministries and for politically appointed members of the executive branch. The ethical norms collected in a *code of ethics* were adopted by a decision of the council of ministers.

Consultation is now an integral part of the general political and administrative cycle for formulation of decisions, their realization and the assessment of their results. The law on administration provides the mechanisms for managing the process of consultation in the central administration. In its Article 21, the law provides that the council of ministers could establish councils, as well as working groups of experts, in connection with the implementation of policy, or performance of specific tasks, arising from any law or parliamentary decision. In 2003 27 committees, or 'councils', subordinate to the council of ministers were active for coordination and implementation of interdepartmental policies. Some of them have been restructured following expansion of their functions and tasks with development of new interdepartmental policies. A good example is the inter-ministerial committee for coordination of actions affecting the improvement of the administrative services and development of e-government; this was later transformed into a working group

under the council of ministers for modernization of state administration. Other similar examples are the structural policy committee, which has been transformed into an economic policy committee and the national council for insurance, changed into a commission for financial audit.

Under the same powers ministers may also establish advisory units for solving specific problem; these are supported by the administrative units in the ministry (*Law on Administration*, Art. 45). Some advisory councils operate as bodies for active coordination between the state administration and social partners with the aim of ensuring that the social partners' proposals and opinions are taken into account, when decisions on specific issues are to be made or a new legal instrument is under preparation. The advisory councils are also used as forums for solving current problems and offering specific measures that commit their representatives.

The prevailing methods of inter-ministerial coordination and harmonization with other interested parties are bilateral cooperation agreements, consultative and coordinating councils, inter-ministerial working groups and commissions for inter-departmental coordination. Table 4 illustrates the methods of coordination used by some administrative structures at central level in Bulgaria.

**Table 4**  
Methods of coordination used by administrative structures at central level

Method	Central Administrative Structures
Bilateral cooperation agreements	The Agency for Refugees The Agency for Post-Privatization Control The Agency for Nuclear Regulations
Consultative and coordinating councils	Ministry of Labour and Social Policy Agency for Small and Medium-sized Enterprises Central Administration of Archives
Inter-ministerial working groups	Ministry of Agriculture and Forestry State Agency for Metrology and Technical Supervision
Commissions for interdepartmental coordination	Regulatory Commission for Communications

According to a social survey carried out by the *National Centre for Study of Public Opinion*, 26.2 per cent of the administrative staff considers that the main disadvantage in the organization of the work in the administration is the lack of coordination between the administrative units and the interaction with other administrations. As for the internal coordination, 8.7 per cent believe that the main obstacle to performing their duties is the lack of coordination among the departments within the administration itself. Based on this analysis it is obvious that there is a need to have in place reliable mechanisms of inter-ministerial coordination and harmonisation, in order to improve the existing coordination on matters of inter-ministerial and national interest and to strengthen interdepartmental coordination.



## **Conclusion**

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The foregoing review of the Bulgarian experience of more than 15 years of reforms in various sectors (economic, military, social, administrative, etc.) suggests that, although managerial experience and expertise have been accumulated at the political level, this has not been enough to ensure adequate improvement in performance.

On the positive side, however, a much clearer general allocation of functions has been achieved: the council of ministers and its own administrative service have been established as the strategic centre for policy formulation and coordination; the ministries have started to function as specialized units for development of sector policies; while the functions of other administrative structures subordinate to the Council of Ministers, or to individual ministers, are charged with the implementation of executive power. The organization of the state administration, and the mechanisms set up in order to coordinate policy implementation, have had positive results. Special councils for coordinating and implementing interdepartmental policies at the centre of government have become a key element in recent years.

Nevertheless, the regular reports of the European Commission on administrative capacity, and the evaluations of other outside observers and donors, indicate that the Bulgarian machinery of government has not yet acquired the necessary capacity for good policy implementation despite years of purposeful reforms. It is evident that more still needs to be done to improve coordination in matters of concern to more than one ministry, and those vital to the national interest, while better interdepartmental coordination is necessary before policy implementation can become more effective.

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# Formulation of Public Policy: From Line Management to Strategic Function

*Florin Bondar*<sup>1</sup>

This paper aims to defend the thesis that the success of the reform of public policy formulation in Romanian central administration depends mainly on a shift of emphasis within state organisations to a strategic perspective, from the more routine-based, line-management and legalistic approach. When applied to policy initiatives in line ministries, this shift of emphasis may have several consequences for the way public institutions are perceived. The main consequences affect the importance given to the normative, legislative acts as policy instruments, and also the role that the civil servants play in the policy formulation process. This paper offers, on the one hand, a description of the latest developments in reform of policy formulation at the central level of Romanian state administration and, on the other hand, it explores the effects that the reform measures can have on the typical civil servant's perspective of the way policy is formulated at the level of ministries and other state organisations.

The first section of the paper provides a description of the new system of policy formulation enforced by the Government Decision 775/2005 regarding the elaboration, monitoring and evaluation of public policy at central level. The first section describes the way policies were traditionally elaborated at the level of ministries, and then deals with the changes in organization and information systems that will be required according to the new regulations. The second section explores the possible consequences and risks that may occur as a result of the implementation of this new system: both consequences for the role of legislative, and other normative, acts in the policy process and those for the decision making mechanism within governmental organisations.

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## Policy formulation in Romania

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Prior to the attempt to reform the system for formulation of policy at the level of central administration, the policy process in Romanian administration was a topic only for academic papers and discussion; rarely did it have any real impact on the formal way policy was developed at the level of ministries or other public organisations<sup>2</sup>. Most commonly, in public administration, the term was associated exclusively with elaboration and implementation of normative acts (legislation), without any reference to the implementation of the policy established by the normative acts concerned<sup>3</sup>. There was, in other words, much confusion regarding the policy process, exacerbated by the fact that in the Romanian language the term for ‘policy’ is the same as that for ‘politics’. Lack of common understanding of the concept proved to be a real obstacle for introducing a new emphasis on strategic policy-making within line ministries.

### ***1. The role of ministries in the policy process, prior to reform of the process of policy formulation.***

According to Romanian law<sup>4</sup> ministries and other governmental agencies have the power to initiate legislative proposals (normative acts). The ministries are entitled to initiate as legislation, for later adoption in the official meeting of the government: government decisions, ordinances for normal conditions or emergencies, draft laws, or other types of legal instrument. Such legislative acts are usually elaborated at the level of line ministries within a specialized department, dealing with a specific policy area. Although there had been some analytical studies of what happens at the level of those departments, there was previously no unique approach in Romanian central administration to what public organisations should do when giving substance to policy proposals formulated as legislative acts. Whatever consultations with other ministries or civil society associations that took place, were justified by the law’s referring to elaboration of legislative acts<sup>5</sup>, which did not make any specific reference to the way policy should be implemented. Consequently, the ministries’ chief concern was to issue as many legislative acts as possible, as the only way for them to prove that they were actually doing something to solve problems existing within their respective sectors. One result was very often that the central organs of government would be congested with draft proposals for legislation. Indeed, the

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2 Most of the inputs coming from nongovernmental agencies or NGO’s were related to specific policy issues and without any proposals regarding the policy process as a whole.

3 The public policy unit within general secretariat of government conducted a diagnosis that could reveal a state of confusion regarding the way the term, public policy, is used not only in official papers but also in the day to day work of ministries. ([www.sgg.ro/upp/](http://www.sgg.ro/upp/)).

4 Government Decision, No. 50 of 13 January 2005 to approve the Regulation on the Government procedures for elaboration, endorsement and presentation of draft laws in view of adoption.

5 Law No.24 dated March 27, 2000 (as republished) on norms concerning the legislative technique to be used for drafting normative acts.

government meeting could last for sometimes more than six hours because of the amount of such proposals awaiting approval<sup>6</sup>.

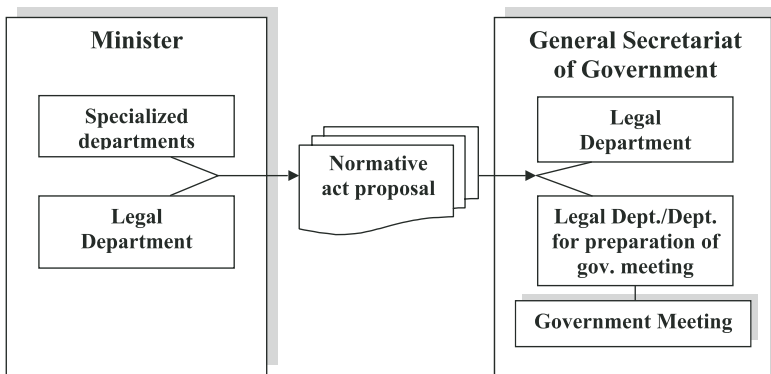
Meanwhile, the lack of adequate provision for implementation was a common cause of bad legislation in terms of feasibility and the final impact of the solutions proposed. Legislation was repeatedly amended after adoption, which made the impact of the law uncertain and unpredictable.

Two major reasons for the low quality of legislation were, on the one hand, that there was no integrated system of policy formulation and coordination and, on the other hand, that the systematic inadequacies of consultation in the case of inter-ministerial policies had a negative impact on the quality of eventual decisions made by political appointees (ministers, parliamentarians, etc). The government meeting was rendered less effective as a policy-making body, on account of the lack of proper consultations in the inter-ministerial councils, or committees. Also, since the government agenda tended to made up chiefly of a list of legislative proposals, decisions were made on those proposals rather than on specific policy issues<sup>7</sup>.

Moreover, the need for reform of the system for policy coordination and formulation at the level of central government was often mentioned in the reports issued by organizations like Word Bank and European Commission.

**Figure 1**

The flow of documentation, and the role of ministries, in the preparation of proposals for normative acts (according to the regulation in force prior to the adoption of the new procedures for policy formulation).



6 This situation was repeatedly mentioned in the country reports elaborated by the European Commission and other international organization as SIGMA or World Bank. (2003, 2004 *Regular report on Romania's progress toward accession, Policy making and coordination – Romania assessment*, SIGMA, 2004).

7 This situation is still place for the time being.

The reform of policy formulation and of the coordination system was considered part of the public administration reform and the institution responsible for it was the *General Secretariat of the Government* (G.S.G.).

## **2. The Public Policy Proposal and the role of ministries in the policy process according to the new regulations for policy formulation.**

Being aware of the need for reform, the Romanian government established at the end of 2003 the *Public Policy Unit* inside the General Secretariat of Government as the principal actor in charge of the elaboration and implementation of reform of the process of formulation of policy. The new procedures for elaboration, monitoring and evaluation of public policy at central level, as elaborated by this unit, constituted one of the tools of the reform. The procedures were adopted by the Government Decision 775/2005 in July 2005 and came into force on 1 January 2006.

The most significant change was that, instead of the normative or legislative act, the recommended focus of specialised departments within line ministries became the design and the implementation of policy. The *public policy proposal* (PPP) was introduced as a way of accomplishing the shift from a legalistic to a policy-oriented approach. This change can have a lot of consequences for the administration because of the technical implications of the introduction of a new template to be completed by the civil servants. According to the new procedures, the *public policy unit* (PPU) within GSG is both overall guardian of the system, but also exercises particular functions regarding the quality of the public policy proposed by ministries for implementation. The PPU is responsible for analyzing the content of public policy proposals submitted to it by the initiating ministry.

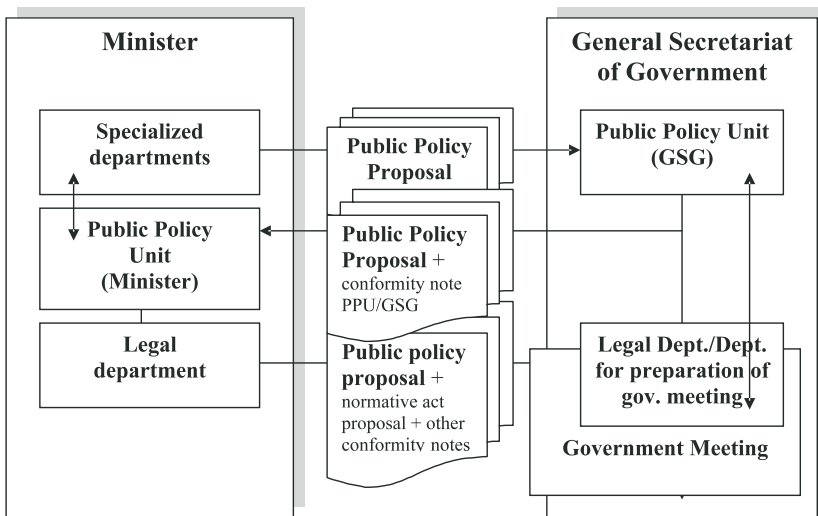
The conclusions of the analysis are included in a *certificate of conformity*, which might be either negative or positive. The criteria for analysis refer to the quality of the policy and the compliance of the proposal concerned with the procedures (i.e. the solutions proposed through PPP are adequately substantiated by analysis, there was a consultation session with the stakeholders, there is a realistic implementation plan for the solution proposed, and so on). It is important to mention that the certificate (or 'note') of conformity does not assess the solutions in terms of value, or other issues related to the hard content of the proposal, but only with regard to the steps to be followed in the formulation process. If the note is positive, the ministry concerned can proceed to elaborate the proposal further and transpose the measures it contains into legal instruments. The transposition in legal terms might imply elaboration of one or several legislative proposals. These are then sent to the government meeting for approval. If the certificate of conformity is negative, the PPP is sent back to ministry for further analysis and improvement.

The PPU uses these certificates to exercise quality control of the policy proposals coming from ministries to the government meeting. This role can be played properly only if the new approach is introduced in the line ministries for motives

that are realistic, thus providing opportunity for the PPU to give positive certificates to the proposals sent by ministries. In this respect the question is whether the line ministries have enough capacity in terms of policy specialists who are able to do the analytical and other types of study requested by the new policy formulation procedures, as a way of giving substance to legislative proposals. Even if, theoretically, the new procedure may appear coherent, there are still some risks that things will go wrong in the implementation phase because of the lack of policy formulation capacity in the line ministry. In order to solve this problem the G.D. 775/2005 introduces *public policy units* within line ministries as well, to act as counterparts at ministry level to the PPU inside GSG.

These ministry units are supposed to gather the proper information and coordinate all the activities necessary to strengthen the process of policy formulation in the line ministries. The units should also be responsible for coordinating the treatment of the public policy proposals initiated at the level of the ministry's specialized departments and eventually analyzed by the GSG's public policy unit. These proposals should present to the political decision makers from ministries a set of possible alternative options for solving a certain policy problem. According to the new regulations, these alternatives are to be very well substantiated by impact assessment analysis and go through a process of consultation with stakeholders and civil society organizations.

**Figure 2**  
Role of ministries and the newly-introduced Public Policy Proposal document  
(according to the new procedures for policy formulation)



The ministerial policy units can be expected to become very active inside their ministries on account of the the likely effects of the new procedure on the way the policy is traditionally formulated. According to this traditional way, the focus of the activity of the ministry in terms of policy substantiation is the elaboration of legislative proposals. Even if in some ministries (like Ministry of Public Finance, Ministry of Transport or Ministry of Environment and also other ministries) some analyses are conducted, there are no quality standards for elaboration of those analyses which can be applied to all government policies initiated in a line ministry. The ministerial policy units should consider the legislative proposal more as a tool and less as an objective for the activities of the ministries. In this perspective, they should not function separately from other departments of a ministry. In order to avoid the risk of institutional isolation of these units, the solution found, according to G.D. 775/2005, was to situate their members within the most active departments in their ministry, in terms of policy initiatives, and not in a separate structure within the organization chart. In this way, the members will be able to contribute in a more proactive matter to the way the policy is formulated from the very beginning of its initiation within a specialized department of the ministry. The members of these units are to be trained in different types of policy analyses so they will be able, if not to elaborate, at least to evaluate from a qualitative point of view the policy initiatives elaborated within specialized departments.

At the time of writing, several public policy proposals have been elaborated and sent to the central PPU which suggests that, at least formally, the system is functioning. There are, on the other hand, some risks regarding the success of this reform measure, related to the actual role played by the PPU's inside line ministries. The latter might be seen simply as a bureaucratic measure creating only more obstacles to the continuous effort of the ministries to deal with the never-ending problems demanding solutions by state organisations. Analyzing the possible alternatives for a certain policy, clearly identifying the problems, providing a description of the current situation, and all the other information that has to be provided according to the public policy proposal template, can be very easily regarded by the management of ministries as a lot of futile extra work imposed by the centre of government, rather than as necessary information that can help to improve the quality of the policy initiatives of the ministries and implicitly the legislation initiated by government. Such a reaction could lead the newly-established policy units within ministries to be marginalised by transforming them into "form-filling" departments, instead of proactive champions of an in-depth reform.

These possible consequences of implementation of the new system may be reason for making further adjustments in the implementation of the newly-introduced procedures with respect to the elaboration, monitoring and evaluation of public policy at central level. The adjustments could not go so far as to introduce another procedure or institutional change, but they could be designed to lead to a more in-depth reform, which might review the perspective from which policy ini-



tiatives are substantiated, or even a re-evaluation of the role played by state organisations as initiators and implementers of policy. In other words, a new perspective could be based, on the one hand, on the ‘policy culture’ that needs to be developed in the public organisations generally and, on the other hand, on the institutional role of civil servants in the policy process, and thus their relationship with political leaders and decision-makers.

## Public management as a routine-based activity and as a strategic function

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My main thesis here is that the reform of the policy formulation process at the level of Romanian governmental organisations cannot be fully successful without a move, at the level of management of public institutions, from the routine-based type of management towards a proactive, strategic type of management, applied especially to those activities that lead to elaboration of policy initiatives. To explain this point adequately, we need to take into account a much wider set of consequences than the purely administrative, and to include consideration of the principles governing the way policies are elaborated and implemented.

Using the presentation of dichotomies associated with Guy Peters, I shall argue that the main challenge for public administration, with respect to public policy initiatives, is how to make the shift from a classically administrative style, which is essentially reactive and corresponds to routine-based management, to a more strategic and proactive approach. Figure 3 below describes such a set of dichotomies in the context of evaluation of public policies.

**Figure 3**  
The table of public policy dichotomies<sup>8</sup>

Synoptic	vs.	Incremental
Long term	vs.	Short term
Proactive	vs.	Reactive
Crosscutting	vs.	Sector
Strategic	vs.	Crisis management or “fire-fighting”
Substance	vs.	Process

The strategic approach, represented by the left-hand column of figure 3, when applied to a case of a change in policy, rests on the assumption that the government may have to respond to policy initiatives, as they appear on the agenda, by a type of

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8 (after Guy Peters, 1996. “The Policy Capacity of the Government” – Research Paper no.18. Canadian Centre for Management and Development).

management which is not always compatible with the institutional *status quo*<sup>9</sup>. This approach eschews evaluation of the institutions concerned by use of a set of policy indicators, since the large amount of relevant consequences a certain policy might render the results of such an evaluation inaccurate in practice. Nevertheless, such a shift in the management style could have a beneficial impact by making both initiation and implementation of public policy more efficient.

The activities within governmental institutions intended to give substance to policy may in practice be diverse. According to routine-based management principles, the activities of formulation and implementation need to be evaluated in relation to a specified policy field. The evaluation will confine itself to the current activities of administration as de-limited by previously-initiated programs, or by the application of some set of established regulations<sup>10</sup>. It is less the ability to achieve objectives that is at stake than the ability to use monitoring and other administrative techniques to ensure that at least some objectives are fulfilled. The following are typical activities corresponding to the routine-based management approach:

- The task of administration is seen as recognition of existing problems, and allocation of resources to them, because they have priority on account of their likely impact. The most important problems are those with immediate impact, which have to be solved also for political reasons.
- The emphasis is on sustaining those projects that have already been initiated and need funding resources to continue.
- The existing resources are managed so as to resolve problems with minimum costs;
- The use of whatever means are available to ensure that the administrative and institutional *status quo* is maintained.

In contrast, characteristics of the strategic approach include:

- The aim of administrative or regulatory intervention should be to reduce the chances of the undesirable condition worsening, while increasing those of its amelioration.
- Allocation of resources should be determined according to programmes rather than requirements of dealing with isolated issues. The aim is not only to solve the problem, but also to increase future capacity for solving all problems of a similar type, while encouraging good practice.

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9 Identifying policy indicators could be a very difficult process since a certain public policy might have a very extended area of relevant impact. From this point of view the indicators can never be exhaustive and can ensure a correct evaluation of a policy impact only in relative and impenetrable terms. The accuracy of evaluation is harmed if an infallible prediction of its effects is required. (Guy Peters, *The Policy Capacity of the Government*, Canadian Centre for Management and Development, (1996)).

10 These activities include monitoring the compliance to an existing procedure or body of regulation which is part of the attributions of a certain governmental institution.

- The approach gives a better perspective for judging the quantity of resources needed to solve problems or manage them (by means of short, medium and long-term budget planning).

The relative influence of each of these two approaches to problem-solving in any given institutional context will determine the actual nature of actions taken by the agency concerned. In practice, the actions characteristic of each of these two contrasting approaches can be found in one shape or another in every administrative undertaking. Going from routine-based management to the strategic approach means, in these conditions, a reallocation of resources, so that a significant amount goes to planning actions, which precede the implementation phase. For such a reallocation to be possible, however, there must be some way of demonstrating a causal link between the measures proposed by the planning process and some desired outcome. That in turn must require an enhanced capacity for efficient planning and problem-analysis.

The shift to a more strategic approach to public policy has implications for the role of civil servants in the elaboration of policy initiatives. When the public policy proposal is elaborated, the specialized departments initiating the policy in the ministry concerned need to make an analysis. That task already makes the civil servants working in those departments look to the future possible impacts of the policy and how to implement it. Regarding implementation, there will be also an assessment of the necessary normative acts, or legislation. All this activity of assessment can induce a more strategic thinking in the day to day work of the civil servants. According to the routine-based management approach, however, the civil servants working in these departments are not responsible for initiation of a policy or even for the research leading to identification of the problem and substantiation of the policy itself. They are seen as responsible only for execution<sup>11</sup>. There may be many reasons for lack of trust in civil servants but at the end of the day the civil servant has no incentives to be proactive and to think in terms of strategy regarding the policies initiated by the government. As a result, the administration as a whole and the civil servants are seen more as a merely executant body and not as an active part of the government process. The general attitude of the civil servants is therefore passive, and procedures become compliance-oriented and rigid. In contrast, changing the way policy is formulated and how legislative measures or strategic plans are substantiated, by taking into consideration the output of the policy, and being less obsessed with the problem of actually getting legislative instruments adopted, can induce a different approach to the elaboration of government programmes. When new procedures for policy formulation are introduced, along with a special template for use when justifying policy initiatives, showing the results of legislative impact

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11 This situation is mentioned also in the last two EC country reports. The policy initiatives are mainly developed by the political appointee staff without an important input coming from specialized civil servants.

analysis, the civil servants can be seen more as playing an active role in the policy formulation process and less as simple executants for policy measures initiated by political appointees. This new role, while rather unusual for Romanian administration on account of its traditionally legalistic approach, can be linked to a different way of seeing the role of administration. By demanding objectivity and including requests for measurable results to justify policy initiatives, the new procedures for policy formulation can have a significant impact on the role of public administration. Being forced to identify verifiable results, objectives and purposes for their activities, the civil servants will have to think in terms of impact, which means that they will automatically need to have a more strategic perspective when dealing with public policy issues.

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# Legislative and Executive Power after EU Accession in Slovakia: Two years evaluated<sup>1</sup>

Erik Láštík<sup>2</sup>

## Introduction

Just a few months after the signing of the Association Treaty with Slovakia in 1993, the EU warned the Mečiar-led cabinet to be reliable when it came to democratic reforms. A year later, in a second *démarche*, the EU expressed its worries about the increasing powers of the executive in Slovak politics, combined with attempts to limit control by the parliament. The EU expressly pointed out the fact that the Slovak government was bound by the Association Treaty, and had to meet the Copenhagen criteria in order to get into the EU. In July 1997, the European Commission published its first views on the applicant countries to assess how individual countries were progressing towards fulfilling the Copenhagen criteria. With the exception of Slovakia, all applicant countries were judged to have met the political criterion.

According to the Commission's opinion, the Slovak government did not sufficiently respect the provisions of the Slovak Constitution; it frequently disregarded the rights of the opposition and ignored decisions of the constitutional court. Concerns were also expressed about the way in which the government was using the police and secret services as well as about the lack of improvements in the treatment of the Hungarian minority and the Roma. By way of conclusion, the Commission stated that, although the institutional framework defined by the Slovak Constitution corresponds to that of a parliamentary democracy with free and fair elections, the situation with regard to the stability of the institutions and their integration into political life was unsatisfactory<sup>3</sup>. The Luxembourg European Council in 1997 confirmed the views of the Commission. It decided that although formal accession

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1 This paper forms part of a larger project examining the impact of EU membership on Slovakia. Financial assistance accorded by the VEGA 1/1296/04 is gratefully acknowledged.

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3 *European Commission*, Regular Report on Slovakia's Progress Towards Accession, European Commission, Brussels 1997, pp. 40 – 41.

talks would involve all the candidate countries, individual negotiations would start only with those which fulfill both the political and the economic criteria. Slovakia was not one of them<sup>4</sup>.

In other words, the exercise of executive power in Slovakia was causing serious concerns in Brussels. Within just a two-year period, however, Slovakia managed, to *fulfil the political criterion as laid down by the Copenhagen summit* (Regular Report, 1999:70), thanks to a completely new government, which agreed to abide by democratic procedures (Bilčík, 2005; Malová, Rybář, 2004).

However, the fact that Slovakia managed to fulfill the political criterion did not mean that the power of the cabinet vis-à-vis parliament, diminished. The main question of this paper is how, and to what extent EU accession, and subsequently EU membership, influenced the relation between the executive and the legislature in Slovakia. It is argued that the changes of the executive-legislative relations partly resulted from Slovakia's accession process, though domestic factors, namely the complicated transition to democracy played an important role as well. The key factor was the continued strengthening of executive power that was the direct consequence of changing formal and informal rules.

The first part of the paper examines the powers of the legislature and the executive as laid down by the 1992 Constitution, with specific attention paid to the legislative activity of the parliament. The second section analyzes the European dimension of the 2001 Amendment, with specific focus on the executive's decrees, which were to accelerate the transposition of the *acquis communautaire*. The third part explores the reaction of the legislature to this weakening vis-à-vis the executive, as well as to EU membership. Finally, it suggests, that the development of executive-legislative relations coincided with the country's accession into the EU. Between 1994 and 2003 this process led first to the informal dominance of the executive, and later, on account of the changes in the constitution, to the formal dominance of the executive. The parliament reacted with the 2003 constitutional law, which increased the formal powers of the parliament over the executive in EU matters. Despite that, it is still the executive, which dominates EU related affairs.

### **1.1 The Foundations: The Cabinet and the Legislature in the Constitution: Paper and Reality**

The approval of a new Constitution and the arrival of independence in 1993 significantly widened the influence of Slovakia's Parliament. The National Council is a unicameral chamber with 150 members, proportionally elected by universal suffrage (over the age of 21) to four-year terms. According to Article 73/2 of the Constitution, Council members *shall be the representatives of the citizens, and shall be*

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<sup>4</sup> Luxembourg European Council 12<sup>th</sup> and 13<sup>th</sup> December 1997, Conclusions of the Presidency, Bull. EU 12 – 1997, points I.5.25 – 27.

*elected to exercise their mandates individually and according to their best conscience and conviction. They may not be bound by any directives.*

A review of the powers conferred to the National Council shows that the legislature carries much more weight than the other institutions. The Parliament selects Cabinet members and has the right to hold a vote of no-confidence in the Cabinet as well as in individual ministers. Before the 1999 amendment of the constitution, parliament also enjoyed the power to elect and recall the president of the republic. In the 1992 constitution the parliament also enjoyed important powers over the judiciary, for example by its power to elect the presidents and vice-presidents of the supreme court, and appoint judges to regular courts<sup>5</sup> (Article 86/j), and also to propose twenty candidates to be members of the constitutional court (Article 134/2). The National Council also elects and recalls the chair and vice-chair of the supreme auditing office (Article 61/1). Other powers listed in Article 86 include proposing referendums; establishing government departments and other government bodies; approving the budget; and giving consent to contingents of troops to be sent outside Slovakia.

The Constitution also granted considerable powers to individual members of parliament. Article 80 of the Constitution gave each deputy the right to question the Cabinet or one of its members, or the head of another central body of state administration. The MP must receive a formal answer from the subject of interpellation within thirty days. The potential of this instrument to attack the Cabinet is increased by the provision that only 30 members are required to propose a non-confidence vote. A disciplined majority of 76 MPs can however prevent the recall of any Cabinet member. Laws may be proposed by MPs, parliamentary committees, and the executive. The President's role in the legislative process consists only of a suspensive veto, which in the original constitutional text could be overturned by the parliament simply by approving the proposal once again. This provision in reality (particularly between 1994 and 1998) strengthened the already powerful position of the parliamentary majority and the second Mečiar cabinet's power as well. The 1999 Amendment has strengthened the presidential veto by requiring consent of an absolute majority, 76 MPs, for the adoption of a returned bill.

The Slovak parliament, the National Council, possesses extensive formal powers and in the first five years after the collapse of the communist regime the lack of party discipline and cohesion meant that governments in Slovakia operated mainly as assembly governments. This was evident from the frequency with which parliament successfully opposed cabinet-proposed legislation, and by the way deputies

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5 Highly controversial and criticized way of the election of judges in 1992 Constitution. According to the former Article 145/1 the government proposed judges for election by Parliament for a four-year term. After this time the government may propose them for re-election for an unlimited tenure. The method of re-election exposes judges to potential source of direct political influence. The 2001 Amendment has shifted the nomination of judges to the newly created Judicial Council, and also canceled the four-year term of the first election.

were willing to vote against ministers from their own parties, coalition cabinets disintegrated so easily, and accountability was blurred.

During 1994 – 1998 the situation changed completely. The coalition cabinet, composed of three parties, led by the HZDS (The Movement for Democratic Slovakia), gained almost full control over the parliament thanks to the enforcement of strong party discipline. Indeed, party discipline allowed this cohesive coalition to change the political system to the point where the executive was clearly dominant.

Relative to the power of the parliament, the position of the executive, as stipulated in the constitution, is rather weak. The government is constitutionally made responsible to the legislature. Therefore, the life of a government very much depends upon the party in power and the extent of party discipline. Moreover, Article 86/f confers to parliament control over setting up government departments and other governmental bodies. The prime minister is appointed and removed by the president (Article 110/1). In accordance with this provision, during the period between 1993 and 1996 President Kováč twice appointed the prime minister, once after a vote of no-confidence and second time after the 1994 elections. The informal rules accepted by parliamentary parties require that the president designate as prime minister the leader of the strongest parliamentary party or coalition.

### *1.1.1 Legislative activity*

Although it might be assumed that the basic output of any parliament should be measured by its legislative activity, in Slovakia, the statistics for the whole period 1994 – 2005 show that 80 per cent of approved legislation in the parliament originates as a government proposal. The legislative activity of the parliament also reflected the process of accession to the EU: during the third Mečiar cabinet the legislature approved 313 bills in total, which increased to 532 during the first Dzurinda cabinet. As the executive controlled a majority within the parliament (as in 1994 – 1998), no checks in the constitutional system were strong enough to stop an overall dominance of the executive within the constitutional system. The presidential veto was only symbolic in this period, with the same simple majority in the parliament needed to override the veto.

Another power of the president, to initiate a review procedure by the constitutional court, was used more often. However, the length of the procedure (at least several months before court reached its decision) did not effectively constrain the government's dominance. While the constitutional review was time-consuming, the 1997 new procedural codex of the parliament allowed the executive to ask the parliament for the use of the short-track legislation procedure. This enabled parliament to approve legislative proposals without time constraints, literally within the space of a couple of days. The last year of Mečiar's cabinet confirmed that this new possibility was not just a formality: out of the total of 142 laws approved, more than a third (fifty) were approved by the short-track procedure.



**Table 1**  
Legislative activity (1994 – 2003)

<b>Cabinets 1994 – 2004</b>	<b>Total of approved bills proposed by the cabinet</b>	<b>Total number of bills approved</b>	<b>Short track procedure</b>	<b>Vetoed by the president</b>
III. Mečiar's cabinet	287	313	50*	32
I. Dzurinda's cabinet	406	532	100	72
II. dzurinda's cabinet**	259	300	20+3 (2002+2003)	31

\* Short track procedure available as of January, 1, 1997.

\*\* Data for 10/2002 – 09/2004

While the departing Mečiar government welcomed the new short-track procedure, by asking the parliament to use it in more than a third of the approved laws, the new Dzurinda' government, which took office in late 1998, raised the use of the fast track procedure to a new level. In 1998, the parliament, when asked by the executive, approved all legislation by the fast-track procedure. The following year this number significantly decreased to 49%, but remained relatively high. Of course, the executive responded to criticism of low transparency of the fast-track procedures by invoking as an excuse the need to catch up with the EU's timetable for accession, which forced the government to use emergency techniques if Slovakia was to join the EU with the rest of the first of group of new member states from Central and Eastern Europe. However, the executive's reasoning was not valid. The procedural codex of the parliament listed possible reasons for the use of the short track procedure and the EU accession was not one of them. The executive, with acceptance of the parliamentary majority found other grounds to justify short-track procedure (serious economic problems, public security, or the possibility of human rights violation).

## **1.2 The 2001 constitutional amendment: The EU dimension**

The 1992 constitution was prepared at a time when the future of the federal state of Czechoslovakia was at stake. The way the constitution was made speaks for itself: just a few weeks for the preparation of the document; two days for a discussion about the proposal, and only a short reasoning report attached to the constitution. As following years proved, the Slovak constitution was not always able to solve rising conflicts within and between the constitutional bodies. The problem of insufficient constitutional mechanisms was only enhanced by the personal conflict between the prime minister and the president during the period of 1994 – 8 (Malová, 2001). Once the opposition took office in 1998, it was clear that the constitution had to undergo a serious review, not only because of "the further fine-tuning of the de-

mocracy and constitutional system, but also because of the international ambitions of the country, expressed in the membership in NATO and EU” (Reasoning Report on the Amendment, 2001:1).

Moreover, the EU institutions expected the constitution to be amended. The Commission explicitly demanded changes in the judicial system (Regular report, 2001:81), while the European Parliament stressed ‘that the constitutional reform will be an important success for the country by bringing all legal and administrative reforms needed to prepare for EU membership.’ (EP resolution on Slovakia’s application, 2001).

Although most of the changes in 2001 were focused on domestic institutions and their mutual relations, the major modification of Article 7 of the constitution altered the understanding of the Slovak legal system more profoundly than any other. In the situation when Slovakia was close to fulfilling the conditions of accession, it seemed inevitable to attempt to meet the most basic challenge for a sovereign country entering EU: reconciling the domestic and the EU legal orders. The main issues were what means would be employed to enable EU law to cross the threshold of domestic law and to what extent functioning of EU law in Slovakia would be unproblematic?

In a completely renovated article 7/2, the authors of the amendment envisaged that Slovakia might, by an international treaty ratified and promulgated by the law; transfer the execution of a part of its rights to the EU. To accommodate EU legal norms within the domestic system, the article stated that legally-binding acts of EU should take the precedence over the laws of the Slovak Republic. Those legal acts that needed to be implemented should be carried by a law or by a government decree pursuant to Art. 120/2 of the constitution. Furthermore, another change in Article 7/5 stipulated that international treaties, especially those regarding human rights and freedoms, would have precedence over Slovak law. With the related Article 144 this meant, that judges in Slovakia would be bound not only by domestic law, but also by international treaties as defined in article 7/2, 5.

Reactions to the constitutional amendment varied, with both the president and the prime minister stressing the positive effects of the amendment for European integration. For Prime Minister Dzurinda the amendment ‘enabled the move to the EU and NATO’; for the president ‘it was to positively influence the accession into Euro Atlantic structure.’<sup>6</sup> On the other hand, the opposition parties criticized the amendment, with HZDS describing it as ‘unprofessional’ and against the national interest of the country. The party also warned that in the future it would initiate

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6 SITA, 23.2.2001, DZURINDA: Novela ústavy umožní íah na EÚ a NATO (The Amendment will influence our EU and NATO Accession); SITA, 24.02. 2001, PREZIDENT: Novela ústavy pozitívne ovplyvní proces integrácie (The Amendment is to positively influence our integration)

‘such a change of the constitution that will guarantee not only accession ambitions of the Slovakia, but also basic national interest of Slovakia and its citizens.’<sup>7</sup>

The Commission’s spokesman welcomed the amendment and said it would increase the speed of adoption and implementation of EU legislation. The same reaction came from the EC commissioner for the enlargement Verheugen, who said that the amendment is important ‘because of the need to approve future legislation, which itself is the condition of the legal harmonization.’<sup>8</sup>

### *1.2.1 The Executive’s Decrees*

Another significant change to the constitution brought by the 2001 Amendment, with a profound impact on executive-legislative relations, is the authorization of the Cabinet, if stipulated by the law, to issue decrees in order to execute the European Agreement on Association and to execute international treaties stipulated in Article 7 section 2 of the constitution. Another article of the 2001 amendment stated that duties can be imposed by this type of decree, which changed the classic concept according to which only the parliament, as a representative body, can impose duties on the persons and legal entities.

The article was implemented by a law<sup>9</sup> which also laid down the conditions for the issue of approximation decrees by the executive. According to the law, the government can issue decrees in areas such as customs and banking law, financial services, consumer protection or nuclear energy. The two amendments to the law in 2002 (just a few weeks after it was passed) and in 2004 enlarged the government’s power to regulate also in the realm of agriculture and the environment. The 2004 amendment also prolonged the use of the decrees, citing the need of to implement EU legislation.

How was the new Cabinet’s power translated into the legislative activity? In 2002 the Cabinet issued 29 approximation decrees, and 177 in 2003, going down to 55 in 2004. It is clear that the main reason for this urge to legislate, one year before EU accession, was the agriculture chapter.

**Table 2**  
Approximation decrees 2002 – 06/2005

<b>Year</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005*</b>
Approximation decrees approved by the cabinet	29	177	40+15	21

\* including only period 01/05 – 06/05

7 SITA, 23.2.2001, FICO: Vyhlásenie poslanca NR SR R. Fica k novelizácii Ústavy SR (The MP statement on Amendment)

8 SITA, 24.2.2001, EÚ: Novela Ústavy SR povedie k urýchleniu prístupového procesu (The Amendment is to lead to faster accession)

9 The law on Approximation Decrees of the Cabinet No. 19/2002 Col.

The constitutional amendment of 2001 therefore reflected, not necessarily intentionally, a changing role of the executive in the pre-accession phase. Simply put, the relationship with the EU came to be considered as a matter for foreign affairs, therefore within the competence of the government. The association treaty required an institutional design that naturally laid more weight on the government, which had financial and human resources not available to the Cabinet.

The national parliament's role in the pre-accession period also suffered from the non-negotiability of the *acquis* package. The EU's 'take it or leave it' approach makes it virtually impossible for the parliament to enter the process (Sadurski, 2004). One specific domestic reason for this silent acceptance of the government's dominance was the tendency of the Slovak government to fall behind significantly in the EU accession process during the late 1990's, having been described as unsuitable for membership in the first report by the EC in 1997. The political turnover in 1998 resulted in a radical change in the country's position toward the EU and made it virtually impossible to criticize the catch-up strategy of the government, which meant to sacrifice the means to the end. With less legitimacy, but more efficiency, the country was able to catch up and join the 2004 wave of enlargement<sup>10</sup>.

### **1.3 The Parliament Strikes Back: The constitutional law on cooperation between the executive and the legislature in EU matters.**

Even if the Slovak parliament gave up its legislative power to a certain degree, it did not accept its changing role that easily. It was one thing to lose a certain degree of influence on the cabinet in a situation when it was the most reasonable and efficient method of approving everything needed to implement the *acquis*. But it was another to accept that the majority of legislative decisions could be made beyond the reach of parliament, at the EU level. There are several mechanisms available to ensure the participation of the national parliament in EU affairs. Opinions in Slovakia varied, moving from the Danish model with a strong parliament controlling the executive over the EU affairs, to the parliament's having no role over the executive. The compromise, passed in the form of a constitutional law, enabled the parliament to issue resolutions, with the effect of constraining a member of the government.<sup>11</sup>

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10 In 2004 the Parliament approved two additional constitutional amendments. The shortest possible amendment to the Constitution was adopted by the overwhelming majority of 133 MPs, removing from the Constitutional text the only existing protection against the defamation by a MP. That leaves MPs with an unlimited freedom of speech while in Parliament session. The second amendment came out as a compromise between Justice Minister and MPs, arguing about the scope of Constitutional change. The main reason for change was caused by the EU membership and the forthcoming EP elections. The Constitutional Court's powers were extended to review EP elections and the Constitution also provided for incompatibility of a national Parliamentary mandate and that relating to a seat in the EP.

11 The constitutional act No. 397/2004 Coll. on the cooperation between the government and the National Council in EU – related matters.

Consequently, the the government became obliged to have its position in EU-related matters approved by the parliament, or the latter's Committee on European Affairs(PCEU)<sup>12</sup>. It took more than a year for the National Council to pass the law which was to regulate the details of the committee's operation. Basically, the PCEU is to be informed by a member of the government about every proposal of European legislation, and the government member concerned is also obliged to attach a preliminary position of the government. It is the committee's decision whether it wants to discuss the position proposal or not. If it decides to discuss it, it can change the government's position and oblige the latter to follow parliament's own opinion. Nevertheless, the parliament itself in plenary is usually left with no role at all, unless it chooses to step into the process, by debating and possibly changing the position proposal in place of the PCEU.

A member of the government is obliged to follow the opinion approved by the committee or the parliament, but that opinion can be modified on condition that the committee on European Affairs is informed immediately about the change and the reasons for it. That makes the relationship between government and teh PCEU flexible.However,since the constitutional amendment was adopted only in May 2005, it is too soon to tell how often the committee or the parliament will change the Cabinet's position proposal. What will be even more interesting is to see how many times a government member will deviate from the position approved by the parliament during meetings in Brussels.

More than a year after its creation, the parliamentary committee for EU matters was still operating without a full legal basis. It took the parliament more than 12 months finally to reach a compromise on specifics of the law. The first year of the committee's existence was guided by informal rules. Paradoxically, these informal rules were also used as the basis for legal provisions eventually adopted to regulate the business of the PCEU, and determine its membership and the right of members or ministers to appoint deputies to attend the committee's proceedings. So far, the PCEU has accepted overwhelmingly, without significant changes, all proposals by the ministries. It is yet to be seen, whether the PCEU will be able to influence the content of the draft opinions proposed by the ministries.

The constitutional law and subsequent legislation to some extent replicate the decision-making model used by the government itself. Just as each member of the government team may make decisions that subsequently bind the government as a whole, similarly the PCEU may adopt opinions in the name of the parliament. However, while the cabinet's decision-making tends to complicate the coordination of government, the PCEU is actually good at concentrating power. The committee's main shortcoming is a lack of adequate material and intellectual resources to be able

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12 The EU committee consists of MPs from all Parliamentary parties, who are elected proportionally according to the Parliamentary party's group size. However, so called independent MPs were intentionally excluded from committee.

to review government's positions, while the key issue for the future of the PCEU will be its ability to cooperate with other parliamentary committees. Such cooperation is hampered by another factor, which has to do with the lack of party stability and cohesion in Slovakia. The PCEU was created exclusively as a 'party club', which left every fourth MP out of the game. The majority of the parliament accepted the principle of government by political parties and so excluded independent MPs from decision-making when it came to EU affairs. Nevertheless, such a position contradicts the constitutional mechanism of the free mandate, which allows MPs to leave the party for which they were elected and still remain within the parliament for the rest of the term. This problem, however, is more complex and is to be solved only by stabilization

#### **1.4 Conclusion**

In the late 1990s Slovakia faced the problem of an over-powerful executive, not always keen to respect the formal and informal rules as laid down by the constitution. However, in a later period after 1999 a new government found itself obliged to use a fast-track legal procedure in order to keep up with the process of EU accession. During 1999 – 2002, in its anxiety to catch up with neighbouring states in the process of accession, the Slovak government implemented many legal changes without the participation of the legislature. The fast-track procedure decreased the legitimacy of the accession process and is not likely to disappear following accession, while now the political authorities in Slovakia need no longer fear any real sanctions against the country for its performance according to political criteria for membership of EU.

The 2001 constitutional amendment authorized the cabinet to issue binding decrees in order to execute the European Agreement on Association and to execute international treaties stipulated in Article 7 section 2 of the Constitution. That modified the very nature of parliamentary democracy in Slovakia, as previously – in accordance with the traditional concept of the supremacy of Parliament – only the National Council as a representative body could impose duties on persons and legal entities. This change illustrates the process of erosion of the separation of powers and also the weakening of parliament, which lost its exclusive power to legislate by imposing duties.

The Slovak legislature reacted to this fact by approving new constitutional rules, which are set to guide the relations of the executive and the parliament when it comes to EU matters. The solution was influenced predominantly by the type of the legislative-executive relations, the party system model in which the coalition faces the opposition. Because of the disarray of the parliamentary party groups and the minority position of the executive, the conflict between the parliament and the cabinet increased in significance and mainly influenced the discussion about the control of the cabinet's members. Moreover, this conflict was escalated by the completely opposite positions of two of the coalition parties, SDKU and KDĽ. While

SDKU vehemently supported the limited role of the parliament, the KDH was keen to see parliament's influence on members of the government enhanced. The parliamentary slogan of the opposition these days is more control over the executive. The question, however, is how the legislature used its prior powers to control the executive. During the current election term, the National Council has never succeeded in recalling a member of the cabinet, even though the cabinet spent most of the election term as a minority government. That confirms a low institutionalized position of the opposition in Slovakia, which is keen to have formal positions and a share in power, but is unable to use its control powers effectively. This is illustrated by its lack of influence regarding national positions within the EU.

Accession and EU membership lead inevitably to tensions between the executive and the parliament. It is not only in Slovakia, of course that the powers of the executive have been strengthened at the expense of parliament. The consequences of EU accession, seem to provide an additional reason for a stronger executive (Malová, Haughton, 2002) and from its inception the accession process almost exclusively engages the executive branch, a bias which is re-enforced by the nature of accession negotiations. If the EU could be described as a predominantly elite-driven project, such a model is well replicated in the new member countries through the strengthening of the government vis-à-vis directly-elected legislatures.

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# The Role of the Serbian Presidency in Ensuring Accountability, Professionalism, Transparency and Legitimacy of the Policy Process

*Nenad Rava*<sup>1</sup>

## The political and administrative context of executive power in Serbia

The executive power in the Republic of Serbia today derives from two distinct institutional frameworks. On the one hand, it builds upon the tradition inherited from the former Yugoslav federation, still present in almost all states that emerged from the disintegration of Yugoslavia. This tradition enshrines the principle of the separation of powers as well as other assumptions about government typical of Central-European bureaucracy, though wrapped in a shell of the peculiar communist regime of former Yugoslavia. On the other hand, what exists now was strongly influenced by autocratic and highly-centralised rule, and the political turmoil, of the 1990s. Those two factors account for an existing discrepancy, and sometimes outright contradiction between the official framework of state administration and everyday practice in Serbia..

In the former Yugoslavia the real executive power was located in hands of the presidency and the general secretary of the government (who was at the same time general secretary of the Yugoslav Communist Party). However, by means of constitutional change in the early 1990s Slobodan Milosevic personally assumed all power and effectively controlled all the branches of government in Serbia itself. The separation of powers practically ceased to apply in practice. Through the mechanisms set up inside the Socialist Party and through his personal direct involvement in daily government of public affairs, Milosevic brought about a situation where the institutions of both the central executive and the presidency served the sole purpose of legalizing his own actions. Milosevic's style of governing did not make demands

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significantly on the established Office of the Presidency, which was provided to give strategic and operational support to the president. The office itself thus remained weak and under-capacitated, despite the fact that the president was in many ways the center of public affairs, so that the distinction between the president and the council of ministers, or government, remained unclear.

After Milosevic's departure in late 2000, the new ruling coalition thus found itself with a formal constitutional and legal framework that was quite different from the everyday practice. Moreover, with the Socialist Party no longer in power, the overall institutional framework itself effectively disintegrated.<sup>2</sup> On the assumption that surviving institutions would not be able to operate without the leadership of the Socialist Party, and that they anyhow had never been based on principles of democracy, the new democratic Government in Serbia<sup>3</sup> had to complete the dissolution of previous institutions and construct new ones in their place. The second of these tasks demanded much more administrative capacity than was actually available for implementation of reforms and management of the transition. At the time of writing, the task of constructing a new constitutional framework for Serbia had still not been completed. The constitution designed by Milosevic for very different political circumstances, which was still being enforced and which underpinned the whole legal system, strongly inhibited progress in political and institutional reforms. The roles within the executive branch and the interaction between the government and the president remain vague and often conflicting. In this paper I would like to focus on this interaction, with special reference to the president's office and its potential contribution to further institutional reforms and democratization in Serbia.

After the departure of Milosevic's successor as Serbian President (Milutinovic, who was a mere puppet of Milosevic himself as President at federal level), the post remained vacant, as successive new elections were invalidated, so that the powers of the President were, in accordance with the Constitution, assumed by the Speaker of parliament. Consequently, the Speaker was performing only a formal, procedural role, in approving laws adopted by the parliament as well as in holding occasional meetings with foreign delegations. In other words, while the presidency itself was "frozen" the president's office consisted only of an uncoordinated group of technical bureaucrats who were not quite sure about their role in the new political establishment after 2000.

Finally, when Boris Tadić, was elected in June 2004 as Serbia's first non-communist president., at least Serbia got a person that would try to re-establish the presidency During his campaign Tadic declared his intention play a very active role

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2 However, there is evidence that the informal mechanisms of control of institutions remained preserving a distinct institutional culture as well as numerous interest networks.

3 'Government' here refers to the Council of Ministers, or central executive, i.e. the part of the executive that is under supervision of the Prime minister and that is supported by the Central Government Office.

in accelerating the process of European and Atlantic integration, as well as in advancing the process of transition in economic affairs. Although such aims might seem unrealistic, at least in the new situation nobody could continue to disregard the presidency. At last, the public (and the government) actually started to ask what should be the function of the first democratically-elected president for 60 years.

There were many who promoted the idea that in modern European democracy there is no need for directly elected President and that its role should remain ceremonial. With the strong movement in Europe for strengthening of the central executive (i.e. council of ministers, and in particular the prime minister) there were not many comparative cases that could justify the need for an active engagement of a presidency in state policy and administration. Tadic had thus, provided a counterargument, albeit a risky one, given the lack of previous practice or relevant role models in other countries of the region, and given also that the international community seemed largely indifferent to the role of the president and showed no signs of being willing to support any increase in its capacity.

A further complication was that Tadic remained leader of an opposition party that had been itself in government just a few months prior to the presidential elections, in circumstances that put Tadic in a situation when he was supposed to strengthen his engagement in the Democratic Party while running for and taking over the presidency.

Nevertheless, the new president of Serbia re-asserted his electoral commitment to play a role more active than the one expected by the ruling coalition government, by making the presidency more relevant, more influential and more active in the overall process of political and institutional reforms. After a few initial clashes with the government, President Tadic tried to initiate a “co-habitation” agreement. This had mixed success, and the lack of clear role of the presidency in broader state policy soon became a source of political conflicts. On two occasions the president refused to approve the laws adopted by the parliament, claiming first procedural and then constitutional irregularities, and clashed with the government over various issues: economic development, Kosovo elections and independence, the international war-crimes tribunal in The Hague, European integration, etc. In all such cases, he appeared ready, and even took some steps, to develop alternative policies to those of the government. Constitutional provisions themselves have not been of much help to resolve such conflicts between the president and the government, while the political system in Serbia is still very fragile, so that every possible inconsistency in the institutional arrangements tends to become a reason for conflict. This paper asks what the eventual role of the presidency might be, given that the existing governmental institutions in Serbia lack necessary capacity to internalise key principles of democracy and modern public administration. Thus:

- the current central-level public administration is not sufficiently open for public dialogue and interaction with the civil society;

- there is a relatively primitive system of professional standards of conduct with no clear separation between politics and administration;
- transparency is limited to one-way communication through web sites and occasional public workshops; and
- the political system is unable to provide a basis for legitimacy beyond procedural / electoral democracy.

Indeed, the situation in 2005 was not so different from the mid-1990s when Milosevic was able to legalize most of his actions after the event. It is still conceivable that any piece of legislation, drafted in a particular ministry without involvement of external stakeholders, could become law more or less automatically, so long as the coalition government has a more or less stable majority in parliament, yet the president does not have the capacity for policy review. Moreover, the pressure from the European Union to enact a great number of legal instruments in a short period encourages avoidance of adequate scrutiny or quality control in policy design and law-drafting, with the effect of poor implementation.

The usual approach in other transition countries has been to “open-up” the policy making process to broader public debate, and strengthen the capacity of parliamentary committees to scrutinise policy. However, my hypothesis is that the potential role of the presidency has been mostly underestimated and that it could eventually contribute to further democratization and strengthening of institutional capacity of the overall Serbian executive.

## **The institution of the President of Serbia**

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The President is supported in performing his official functions<sup>4</sup> by two different bodies, both directly accountable to him: the General Secretariat and the People’s Office (Narodna Kancelarija, literally ‘National Office’). Both of these bodies are still in the process of being re-formed. Whereas the general secretariat is inherited from

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4 The Constitution of the Republic of Serbia endows the President of the Republic with the following formal competences: propose a candidate for prime minister to the national assembly, having heard the opinion of a majority of representatives; propose candidates for president and other members of the constitutional court; declare laws binding and active by decree; perform duties in relations with other states and international organizations; act as commander-in-chief of military forces in peace and wartime, order mobilization, organize preparations for defence; when the national assembly is not in a position to meet, and having received the opinion of the prime minister, to declare the state of war; during the state of war, deliver legally binding acts subject to ultimate ratification by the national assembly; exercise other emergency-type powers during the state of war; subject to various conditions, declare the state of emergency and make the necessary legally binding acts in accordance with constitution and law; grant official amnesties; award decorations and recognitions; establish professional and other services for performing duties in his competence; perform other constitutional duties.

the 1990s, though performing different functions today, the People's Office is new. In practice,, both offices operate in a institutional vacuum<sup>5</sup>.

The present *general secretariat* was set up in July 2004. It inherited a staff of 25, of which most were providing basic logistical support, along with considerable problems of organisational structure, and a lack of basic management and administrative capacity and skills. There are now 60 staff members (compared to a possible total of 109 as provided by the official systematization for the secretariat). The General Secretariat has now two departments: the Cabinet of the President of Serbia and the Bureau of the Secretary General. The Cabinet provides advice to the President, while the Bureau is supposed to ensure efficient implementation.

The legal instruments establishing the office give it four main sets of competences:

- Management and process coordination, cooperation with other bodies services and institutions and other relevant work that make the work of the secretariat fast and efficient.
- Consultancy and analytical work in relation to the legal and constitutional framework, economic issues, defence and security, foreign policy and information dissemination.
- Legal drafting and standardisation work, financial, material and other operational work relating to the preparation of general acts, decisions and solutions, and to receiving citizens.
- Administrative and technical work and assistance.

At the overall organizational level the functions of the general secretariat could be grouped as follows:

- Policy advice and analysis, and expert support to the president in relevant areas.
- Coordination of the president's external relations.
- Management, operational, technical, administrative and logistical support to the regular functioning of the presidency.

Although it has already undergone great change in functional terms, the secretariat is still characterised by rigid organization, bureaucratic culture and outdated management practice. In terms of the organizational life cycle, its organizational and management framework has obviously been in the stagnation phase for some time. Paradoxically, the actual nature of the secretariat's work is, on the other hand,, quite different from before, and appears relatively progressive and innovative.

A recent review showed that there is no clear separation between policy/political and operational/technical functions in the secretariat. Nor is there a clear distinction between political appointees and career civil servants. In both respects

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<sup>5</sup> Due to lack of precision in the constitution and the fact that the presidency is a "self-organizing" institution, the two organizations rely on a rather vague and inconsistent legal framework.

the confusion arises from failure to achieve a settled organization and the fact that new functions and posts have been created somewhat haphazardly. Even the attempt to streamline the organization has led to, if anything, increased dependence on personal relationships and skills, rather than on durable structures and well-defined procedures.

The *people's office* came out of an initial proposal made by the current President in his own election campaign for establishment of an office that would be capable of activating his competences as representative of citizens as a whole, treating them equally and facilitating their interaction with state institutions. In other words, the main expectation from the new organization was that it would intensify direct interaction between the president and individual citizens as well as promote cross-cutting policies and development programmes in the national interest.

According to its official systematization, the office should have 60 staff, of which 30 have been hired so far, working in four departments: administration; legal affairs; social affairs; and programming. Article 1 of the presidential decision setting up the new office charges it with:

*' . . . operational, expert, analytical and advisory tasks aimed at establishing two-way communication between the President of the Republic of Serbia and the citizens; cooperation with state bodies, services, institutions, associations and organizations; collecting and stimulating initiatives, proposals and projects; support to solving citizens' problems; following up expectations and opinions of citizens, and on that basis setting of new priorities and bringing the institution of the President of the Republic of Serbia closer to citizens; and other tasks as requested by the President. . . .'*<sup>6</sup>

In other words, the main purpose of this relatively innovative office is to strengthen the democratic role of the directly elected President. It may be described as performing the following roles and functions to that end:

- *Interaction with citizens:* The office collects all correspondence sent by citizens to the president that includes their concerns, appeals, requests, complaints, proposals, etc.; keeps an "open door" by providing individual citizens with easy access to the state, free of the 'red tape' unavoidable through other channels, on any matter of public affairs, or where the citizen has views or grievances to communicate relating to any unresolved administrative issue.
- *Humanitarian aid and development projects:* On the basis of analysis of the most urgent and difficult problems that citizens face, the office may initiate activities that are either of humanitarian nature or take a form of a development project. Although such activities have so far been rather sporadic, the office itself is keen

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6 Official Gazette, No. 100/2004

to devote more resources to them, while. recent examples show that it has been very effective in delivering quick assistance to people who had contacted it with a request that no other institution was able to meet.

- *Advocacy, networking and partnerships:* The office may initiate a public campaign or establish a relationship with other institutions in order to influence current policy. Again, previous cases suggest it can be very effective in changing laws and persuading line ministries to alter a policy that has caused problems for a considerable number of citizens.
- *Policy research and advice:* Although only few cases appear when the people's office has actually drafted a policy paper for the president (a role usually located in the president's cabinet), it is so well informed about public opinion that it would seem well placed to provide the president with advice based on such information, while the office itself seems keen to develop this function.

While the people's office suffers to some extent, not surprisingly, from being associated with the personality of the current president, it is possibly handicapped even more by its predilection for project management and an informal style of public relations, both of which are relatively unfamiliar to Serbian public administration, above all in the presidency. Therefore, the office clearly needs time to mature and develop its own internal organisation and management. In effect, the same can be said in its new guise for the general secretariat, as the other main administrative arm of the presidency. Indeed, both the general secretariat and the people's office depend for their future development on that of the presidency itself as an institution that is also in the process of being re-established in a new form and with different functions from the past

## **Relations between the Office of Presidency and the Central Government Office**

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Like some other semi-presidential systems, Serbia now appears to have potentially a dual executive, with overlapping functions and powers between the two potential – and possibly rival – central offices for coordination and control of public policy, namely: the Office of the Presidency, on the one hand, and the Central Government Office, on the other. Each of these central agencies exists to serve an executive authority that is ultimately accountable to the same source of legitimation – the electorate of citizens qualified to vote in a general election. However, the links between each of these parallel authorities and that electorate are separated: the presidency depending directly on an absolute majority of the direct popular vote; and the government (increasingly identified with the personality of the prime minister) being accountable in the first instance to parliament, where it depends on the support of a majority of members elected by the same direct popular vote.

It is the task of the central government office (CGO) to support the second of these executive authorities, by ensuring that the policy process runs smoothly. It is endowed with both expert/advisory and administrative/technical human resources, organized in various secretariats, committees, councils and offices. However, like its counterparts in other European countries, the CGO in Serbia takes a strong internal focus on inter-ministerial coordination. If we were to apply the Metcalfe Coordination Scale<sup>7</sup> we would find an extremely internalised perspective, which included only line and staff ministries and the CGO. External stakeholders would be excluded, along with other state institutions, above all the presidency. Consequently, the policy process would be limited to inter-ministerial coordination and presented as a technocratic and, to a great extent, non-democratic process.

The assumption of this paper is that, if the presidency in Serbia had a distinctive role in policy process, it might be able to contribute to a greater measure of democratic accountability and transparency. Without implying that there should be parallel structures and duplication of functions, the presidency could be envisaged as participating in certain stages of the generic policy process alongside the overall policy role of the CGO, for mutual benefit. The location of the presidency in the national governing system and its democratic capacity ensured through direct presidential elections should, therefore, be seen as an opportunity rather than a threat to the work of the government.

While it is obvious that the Presidency should not play role in inter-ministerial coordination, both the quality and legitimacy of public policy might be enhanced by involving it in certain stages of policy process, with a more sophisticated system of checks and balances, better elaborated institutional relationships, and increased policy capacity in the office of the presidency itself. Exploiting its comparative advantages relative to the CGO, the office of presidency could thus play more distinct role in the following stages of the policy process:

- *Issue definition:* This is the first stage in the policy process, with particular significance on account of its being concerned with setting priorities. Given its direct interaction with citizens, a potentially holistic approach that goes beyond sectional interest, and its democratic credentials, the presidency should be more involved in this stage. This is of particular relevance in those administrative systems, such as the Serbian one, where public dialogue is not sufficiently institutionalized, and where the involvement of non-government actors is limited. Sometimes, there are issues of popular interest and related to long-term public needs that for various political reasons the government would prefer not to address. Without an active role of civil society and/or the Parliament, the Presidency remains as the only source of checks and balances and public scrutiny in this respect.

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<sup>7</sup> Metcalfe, L (1994)



- *Legitimation*: Most policies get legitimated by means of legislative acts, some of which are adopted by the parliament and then made binding and active by the president. By the act of approving the laws the president is actually confirming that those laws are in public interest. This is very limited; an increased capacity of the presidency, its more substantive involvement in the previous stages of the policy process could help to compensate for the typically weak capacity of parliaments to review of policy. Moreover, policies are increasingly legitimated by means either of secondary legislation or specific policy documents (strategies, plans, policy positions, etc). Secondary legislation is used to streamline the implementation of laws and as such is in domain of line ministries and agencies. However, other policy documents usually lack legitimation other than what is supplied by the government of the day. Rapid changes in the government and unstable political systems cause discontinuity and inconsistency, thus negatively affecting strategic management and progressive public administration. Legitimizing such policy documents through involvement of the presidency might overcome some of these problems.
- *Evaluation and feedback*: Governments of countries in transition rarely institutionalize policy evaluation, for which they usually lack sufficient capacity, political awareness, commitment and longevity. However, the importance of policy feedback cannot be over-emphasized and this is still the weakest segment of the policy process. In that regard, the presidency could play a major role in collecting feedback from citizens and proposing areas for improvement in the next policy cycle. If the presidency could be involved in the first stage of the policy process (Issues definition) then its subsequent involvement in this later stage would obtain even more significance and opportunities for interaction between the office of presidency and the CGO.

## **A potential future role for the Presidency and preferable way forward**

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The Serbian presidency seems to be developing a number of actual and potential functions, in conformity with its formal competencies, but transcending them through concrete engagement of the president in public policy and daily interaction with the broader national and international stakeholders (including civil society, private sector and the international community). Those roles could be further defined in terms of a strategic purpose, which in turn could become sustainable through administrative capacity development, and constitutional reform.

- 1) *Policy Reconciliation and Public Mediation*: The President could be a pivotal factor in ensuring reconciliation and mediation of individual and group interests into a common public interest, given that it combines the highest political legitimacy in the state with its role as the core of interaction of all those with a stake in public policy. It is charged with the responsibility both of guarding constitu-

tional and political order and ensuring social progress. Simultaneously, it communicates to individual citizens, social groups and sectors, all levels of government, the national assembly, the judiciary, the national, local and international media, civil society organizations and international and regional development communities.

- 2) *Vision, Strategy and Consensus-building*: Serbia needs a vision for prosperous society fully integrated into the EU and the transatlantic structures. Despite the fact that in Serbia the responsibility for legal drafting is with the central government, the broader strategic policy process should include other elements in the society. The directly elected president, as an institution that represents the citizens of Serbia as a whole has value to add to that process. While other branches of public power are able to enforce public policies and legal acts, the president offers an opportunity to cultivate public values that transcend sectional interests. While the president cannot replace the policy role of the government, and this should not even be the intention, nevertheless, its intervention in the process of setting out a long term national vision, making strategies to realise it and building the necessary consensus does not just happen to fit the personal of the current President Tadic, but follows both from democratic legitimation of the president, and the concrete needs for further democratization of Serbian political institutions.
- 3) *Dialogue with the citizens*: All institutions are meant to nurture interaction with the public. However, the nature of those relationships differs in relation to concrete institutional competency framework. The only institution that is able to “talk” to the citizenry on all issues is the President and, consequently, it is one of few institutions that can be approached directly and without excessive red-tape constraints. President, impartial from partisan interests, represents all citizens regardless of their ethical, cultural, social or professional background and, in that sense, is capable of active and neutral listening to their voices. When required, he is also competent to direct them to another institution in cases when the resolution of their problems and needs require engagement of any other national institution. The People’s Office plays significant role in this, as well. As the representative of the State he ensures the continuity of a care for citizens that the State is obliged to ensure in any circumstances.
- 4) *International and regional partnership building*: One of the functions of the presidency is to act as a representative of Serbian citizens in international and regional forums, without encroaching on the responsibilities of the executive government, including the Ministry for Foreign Affairs, but rather complementing and integrating them. Given the Serbia’s current position in international affairs and need to promote its image and comparative advantages, the presidency can contribute much to regional and international developments.
- 5) *Fostering Economic Growth for Stability and Prosperity*: In particular, the current president is committed to act as an ambassador of Serbian economic interests

abroad, again complementing the functions of the Serbian government itself and in particular, the ministry for international economic relations, as well as other organizations such as the Serbian chamber of commerce. It is not unusual that a president of a country assumes an important function in enabling economic cooperation through 'opening of doors' and laying foundations for doing business with other countries. Such a role is of particular importance in Serbia, since economic development is a core element in a broader development agenda and one of the most important factors for achieving stability and prosperity of the country.

## **Conclusions**

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The actual and potential roles of the Serbian presidency that have been explained in this paper need not be considered particular to the Serbian political and institutional system. There are other places in the region (such as Macedonia and Croatia) where similar issues have attracted critical attention. Although the specific influence of the previous Milosevic regime makes the Serbian case different, the relationship between a directly-elected president and a centre of government, based on the prime minister, with increasing powers of coordination and control over the rest of the state administration, introduces new challenges to all European democracies. The new roles of the presidency suggested here are still only hypothetical and conceptual. The reality might prove to be quite different and, as a matter of fact, there are many indications that the current president will not be able in fact to institutionalise the role that he started to promote two years ago. One reason for that is President Tadic's concurrent leadership of a key opposition political party; another however is the lack of capacity of both the general secretariat and the people's office to make progress on their own initial agenda. Much will depend on the eventual constitutional settlement, and the future of the State Union of Serbia and Montenegro (which might also have an impact on the role of the president in regard to defence policy). The amount of technical and other support to promote the role of the president provided by the development aid community will also be relevant, as will the question how the roles of the presidency fit the process of European integration. But the prospects for a more enhanced role, including the measure of public support it can obtain, will be affected above all no doubt by the current president's own ability to deliver on his promises.

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# Section III

## Professionalism and Accountability in Public Service



## Introduction

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David Coombes<sup>1</sup>

The four papers included in Part Three of this volume were originally presented to a NISPACEE Working Group on 'Integrity in Public Governance'. In fact, they represent a sample of the numerous contributions from different countries to that working group, with a focus on: new codes of ethical conduct that have been introduced in many post-communist states (but especially in the new member states of the EU), as well as new methods of monitoring the application of such codes, and of other measures against corruption.

These issues, broadly-speaking, of how best to develop higher standards of honesty and integrity in public service have become central to the restoration of professionalism in the public services of the new states in CEE and the CIS, especially in the approach of donor agencies and international financial institutions. Honesty and integrity may be assumed to be basic values associated with the classical bureaucracy, along with impartiality, anonymity, fairness, and technical competence. Allegations of their typical absence among officials serving post-communist states, as indicated by a lot of recent critical analysis and review,<sup>2</sup> must, therefore, be considered a very grave matter. If the allegations are correct then these states would seem to lack genuine professionalism in the public service.

In fact, there are other no less important, and possibly more basic, issues of professionalism, such as: qualifications and procedures for appointment and promotion; the legally-defined status, rights and obligations of the civil servant; levels of remuneration and pension rights; education and training. All of these have received attention (from NISPACEE as well as others) in the process of transition tak-

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1 Professor Emeritus (European Studies), University of Limerick, Ireland; Visiting Fellow, Governance Research Centre, Department of Politics, University of Bristol, UK.

2 UNDP Regional Bureau For Europe and the CIS (2002) *Fighting corruption in post-communist states – lessons from practice* Bratislava: UNDP-RBEC; (2002) Local Governance Brief, special edition of the Policy Journal of LGPSRI spring 2004; OECD (2000) *The fight against bribery and corruption* Paris: Policy Brief, OECD Observer; Gray, Cheryl W. et. al. (2004) *Anti-corruption in Transition 2* Washington DC: World Bank Publications; Marquette, Heather (2004) *Corruption, politics and development: the role of the World Bank* Basingstoke: MacMillan.

ing place in post-communist states, and all have been emphasised by those offering external technical assistance for reform of the public administration.<sup>3</sup>

However, for three main reasons, it may be considered appropriate that the focus in this part of the publication or proceedings of NISPACEE's 14<sup>th</sup> annual conference should be on questions of professional ethics. The first reason is the growing intensity of external pressure on the public administration of these countries from the EU and international bodies to show some definite, measurable results in the 'fight against corruption', now seen by them as a campaign conducted on a global scale, vital to the achievement of millenium goals and the parallel 'fight against poverty'.

Another reason is that this aspect of professionalism is the one that overlaps most closely and directly with the corresponding fundamental principle of modern bureaucracy, namely: accountability. Indeed, inadequate accountability is widely invoked to explain the apparent drift towards widespread tolerance of corrupt practices, wherever they have been identified as a major obstacle to efficient and just administration. This aspect serves to underline, therefore, that public accountability is an essential counterpart to professionalism (and the autonomy, social status, and security of tenure that professionalism justifies) in the public sector of any modern economic system.

The third reason for publishing these very detailed, painstaking and rather prosaic accounts of recent attempts to legislate for higher standards of professional conduct, and to provide new specialised agencies to promote or enforce compliance, is that they may serve as useful case studies for those trying to do similar things in other countries. In other words, here is a good case where the 'older' and more central members of NISPACEE, most of whom belong to states that have now acceded to the EU, can assist the 'younger' and more peripheral, especially in the Caucasus and Eurasia. Doubtless those coming later to the matter of professionalism in the public service will be impressed by the almost unanimous opinion of the authors of these papers (like other contributors to the same working group) that new legislation designed to tighten control of the personal and professional conduct of officials, and new structures to police observance of the resulting laws, are vital to give satisfactory guarantees to the citizens of emerging new democracies of adequate access to public goods and services, and proper treatment from those responsible for their delivery.

Not everyone will be so convinced of the need for more explicit definitions of right and wrong conduct, let alone of the value of more bodies to oversee and control the activities of employees of public agencies, especially in central government and for professionals in the higher civil service. Indeed, these intended remedies

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3 Not least recently by the World Bank's growing efforts to reform systems of remuneration to ensure adequate differential in salary scales, and so more competitive rewards at the levels where higher professional qualifications may be considered essential.

could just as well be seen as potentially worse than the disease, to the extent that they create additional excuses, and more sophisticated instruments, for those in senior positions to abuse their authority by practising intimidation, extortion or other mistreatment of their subordinates. If old habits do indeed die hard, then there are plenty of reasons, on the model of the previous nomenklatura system, to anticipate that special anti-corruption measures will themselves become a source of corruption, albeit of a more subtle, though no less nefarious, kind.

Moreover, the kind of new measures and mechanisms so much lauded in these papers give an impression of closing the stable-door after the horse has bolted. If standards of professionalism have really declined so much since the communist period (when they were maintained, however inadequately from a liberal perspective, by the ideological disciplines imposed by the party's own apparatus), then spelling out normal standards of right conduct for public officials is not likely to make much difference, however strictly the new codes might be enforced. Something far more radical than this will be necessary to restore confidence in the public service.

Indeed, it is interesting to read (**Langerspetz and Rikmann, Pevkur**) to what extent Estonian civil servants seem to have retained the conviction that public service is a distinctive professional activity, with its own norms of conduct, vital for the general interest and welfare of citizens. It is easy to see why the same officials also resent the tendency of the mass media, and some politicians, to denigrate the public service and suggest that all the ills of the previous regime should be traced to the overweening role of the state bureaucracy, implying that this is a condition endemic to bureaucracy as such, rather than peculiar to a particular historical experience of systematic abuse of an administrative state based on legal-rational authority. To the extent that these attitudes have been encouraged by the ascendant neo-liberal ideology, backed by foreign and international technical assistance, then the attempt to restore confidence by means of new internal administrative controls would seem even more pointless.

Any attempt to address alleged corruption in public life is bound to prove ineffectual – at least in the vital task of restoring public confidence in the post-communist state administration (including re-assurance of private investors) – so long as the vital distinction between political and economic causes of corruption is ignored, as it is by most of our contributors here the notable enlightened exception being **Bordas** on Hungary.

Political corruption, as the abuse of public power for private advantage by those holding elective office, is a widespread problem of contemporary politics everywhere, even in those states that would regard themselves as models of democracy and 'good government'. Most states that were already members of the European Union before the recent two eastern enlargements have had some experience in the previous two decades of serious allegations against individual ministers, in some cases the chief executive, – and often substantiated, ranging from illegal fund-rais-



ing for their own political parties, to tax evasion, receipt of payments or other favours (like free holidays) from wealthy celebrities, and the promise of highly-paid jobs in the private sector after their retirement from office. In terms of ardour in the pursuit of personal material advantage there is probably not much difference in general between the personalities of political leaders in longstanding liberal democracies and those in a post-communist setting.

The key difference, of course, is that in established liberal democracies the system of constitutional checks and balances is much more likely to guarantee the genuine accountability required to deter, or at least to make fully transparent, abuse of power by elected political representatives.<sup>4</sup> However, to obtain the advantages of such a balanced, compound system of government, which was achieved in most places by the gradual assertion of parliamentary and judicial powers over a period of centuries, is a task of an altogether different proportion from that of defining codes of ethical conduct, or providing machinery for internal audit. International aid agencies (most of whose staff and consultants are anyway economists) generally do not like to address such deeper political and constitutional issues.

It is, nevertheless, a strange paradox that the same organisations that have so much advocated the introduction of economic freedom, and the simple pursuit of material self-interest in competitive markets, as the key principles of political economy, should at the same time be so ready to condemn those responsible for the delivery of public goods and services in CEE and the CIS for unethical 'rent-seeking'. According to the liberal ideology that has now been set up as the standard in place of Marxism-Leninism for the role of the state in economic affairs, it must surely be inefficient to introduce considerations of ethical conduct into the exchange of goods and services. Why should civil servants who accept bribes be treated any differently from any other individual who tries to conform to the new standards of economic efficiency by trying to make as much money out of any given transaction as the market will bear? If moral standards have any place in the equation at all, then surely we must admit that for a poorly-paid civil servant, with a family to feed and house, the only truly ethical conduct may well be to accept additional, albeit illegal, payments for services rendered, especially when this might have involved extra effort to give consumer satisfaction than would be obtainable if the normal standards of service delivery were applied. Nevertheless, the paradox remains, as the following chapters show, that the cure most conventionally prescribed for 'corruption' thus motivated on purely economic grounds is to re-enforce the observance of formal ethical standards on the part of public officials, in the hope that they will be thus

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4 There is now well documented and analysed evidence that abuse of power for political ends has occurred on a scale incomparably greater in the former USSR, at least, than in any established western liberal democracy, see for example: Wedel, Jeannine (2001) *Collision and Collusion: the strange case of western aid to Eastern Europe* New York:Palgrave; Wilson, Andrew (2005) *Virtual Politics: faking democracy in the post-Soviet world* New Haven: Yale University Press.

encouraged to place a sense of professional obligation above any pursuit of personal self-interest (even at the expense of their dependents' welfare).

Rather than to see it as a consequence of moral deficiency, to be corrected by prescribed doses of ethical instruction,<sup>5</sup> surely a much more logically-consistent, and productive, way to interpret the evidence of widespread and even habitual rent-earning by public officials, is to understand it as a species of *market failure*. In other words, undesirable rent-seeking is a consequence of the application of principles of the free market in condition where the ideal of equilibrium is not attainable by the free interchange of forces of supply and demand.

The main reason for this exception is of course that those engaged in transactions over public goods and services are on both sides impeded from acting simply in pursuit of self-interest. Not only are such goods and services required typically to satisfy *needs* rather than *wants* of consumers (and needs that could not be met in any other way), but their delivery has to be in key respects compulsory for the suppliers, though in some other cases there may also be an obligation to withhold delivery, when certain fixed qualifications are not met. It is largely in recognition of these impediments to free exchange of public goods and services that the public service itself was developed in European countries as profession in its own right, with its own rules of entry, special status and privileges, but also special rules of obligation and obedience. In fact, bureaucratic professionalism – along with its essential counterpart of public accountability – were cultivated during the nineteenth centuries largely as an antidote to corruption and patronage, and the inefficiency to which they gave rise. They were considered essential not only for the civil service charged with public administration but also for a large range of other practices intended to supply social necessities – medicine, law, accountancy, teaching, nursing – where the classical economist's model of *laissez-faire* did not apply. Indeed, in France particularly, the state was often directly involved in the development of the professions generally, if only as a consequence of secularisation of education.

It may be worth reminding ourselves at this point of what is so special about professional – as opposed to purely commercial, market-based – methods of providing goods and services. David Marquand explains this, and why rent-earning by professionals is not only perfectly ethical but also vital to efficient performance, as follows:

*... the professional ethic encodes an implicit bargain between professionals and the wider society. Professionals are allowed to restrict entry and, at least to a degree, to fix prices – in other words, to command a rent over and above what strict adherence to the market norms of free competition would yield them – and in return they are expected to internalise a set of norms precluding them from abusing their monopoly*

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5 Moreover, when presented in these terms by western organisations, this interpretation may reflect an almost racist stereotype of East Europeans and Eurasians as inherently more liable to cupidity and deception.

*position and exploiting their clients, and enjoining them to promote the public good. This, in turn, means that professionalism is, in a profound sense, not just non-market but anti-market. At the heart of the bargain between the professional and the wider society lies the premiss that society would be better off if, in the particular sphere where the professional operates, market norms are suspended. Where the fundamental assumption of the market domain is that wealth will be maximised, and the greatest good of the greatest number achieved, if resources flow in the direction dictated by free competition, the professional ethic asserts the contrary. It presupposes that in the particular case of the market for a special category of highly qualified manpower, competition should not be free; that entry ought to be controlled; that prices ought to be fixed; that monopoly rents . . . are in the public interest.<sup>6</sup>*

Public officials are, therefore, perfectly justified to seek to earn rent from the goods and services they provide, so long as they operate within the constraints of an established and acknowledged professional regime.

The problem is that the scope of professional practice has become more and more confined by the spread of new liberal ideology, and its espousal by almost all governments in the Anglo-Saxon world, and increasingly also on the mainland of Europe, as well as by the main international organisations. Thus professionalism itself is being undermined by an insistence on subjecting all kinds of social activity to the same laws as liberals would apply to the exchange of commodities in a competitive market.<sup>7</sup> The real culprits in the ‘fight against corruption’, against whom legal restraints should be devised and prosecuted, are therefore, not those employed in the public service of the CEE/CIS states, but all those so-called experts, employed by the World Bank, IMF, UNDP, EU-TACIS and other development agencies, who have blindly advocated the supremacy of the market over other forms of economic and social organisation, and sought to devalue and degrade the role of public bu-

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6 Marquand, David (2004) *Decline of the Public: the hollowing-out of citizenship* Cambridge: Polity. Pp. 55 – 6.

7 This is in fact the main complaint of Marquand’s treatise quoted above, which traces in particular the historical rise and decline of the Gladstonian public service ethic in British administration, *op cit* see pages 37 – 62.

reaucracy, with effects only somewhat less deadly than the communist party apparatchiks whom they have succeeded.<sup>8</sup>

Rather than put so much energy into devising new codes of ethics and enforcing their observance, scholars and practitioners of public administration in a post-communist setting would be better occupied in seeking constructive solutions to the core problem of market failure in the provision of public goods and services. Two different types of solution can be offered for their attention, both of which can be applied simultaneously.

The first of these follows the logic of the classical economist's market model by removing as much as possible of the civil servant's direct responsibility for the delivery of those goods and services which may be supplied efficiently and equitably on the basis of a price determined by the more or less free play of market forces. There have been many successful innovations in this respect in more advanced liberal economies, from which valuable lessons may be learned selectively. Applied to the CEE/CIS countries similar innovations, such as devolution of responsibility for delivery to autonomous agencies, would render legitimate, and thus both more efficient, transparent and accountable, what now passes in effect for corruption, that is, allowing discrimination between consumers according to their ability (or willingness) to pay and thereby earning sufficient revenue to give adequate compensation to the suppliers for their own sacrifice.

The other solution reacts to the liberal economics in a contrary direction. It would be to make a priority of restoring truly professional conditions and standards in the public service itself, while confirming the latter's vital responsibility to society as a whole for the provision of needs that cannot be satisfied so long as they are treated in the same manner and on the same principles as the free exchange of commodities according to prices variable in response to the relationship between supply and demand. Such a re-introduction of professionalism in the public service would also in effect legitimise rent-seeking, and would do so by managing both public finance, and the human resources employed in the public sphere, so that those qualified to practice professionally could be once more guaranteed the financial and personal security that used to be regarded as conditions essential to the achievement of the highest possible ethical standards of performance, including equitable treatment of

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8 See, for example, Aslund, Anders (2001) *Building Capitalism: the transformation of the former Soviet bloc* Cambridge University Press, and as a critique of the outcomes celebrated by Aslund, see Cohen, Stephen (2001) *Failed Crusade: America and the Tragedy of Post-communist Russia* New York: Norton. The technical advisers supplied by international agencies may also be charged with having pursued too recklessly the hasty introduction of democracy into the practice of government, which has widely contributed, at least in the absence of genuine political parties, to the prevalence of political corruption, in so far as patronage, bribery and vote-rigging have become the only viable means of obtaining and retaining power dependent on popular elections in many countries especially in the CIS. See Wilson, op. cit. and on the extent of corruption in the former communist regimes, see Holmes, Leslie (1993) *The End of Communist Power: anti-corruption campaigns and legitimacy crisis*. Oxford: Oxford University Press.

clients. Once successful, such a restoration of normal professionalism and accountability would eliminate much of the need for cumbersome special arrangements to regulate, monitor and correct the conduct of civil servants, with which the authors of the following contributions to Part Three are so preoccupied.

# Learning Democracy through Administration: The Attitudes, Roles and Everyday Practices of Estonian Public Servants

*Mikko Lagerspetz and Erle Rikmann*<sup>1</sup>

## 1. Introduction

Estonia inherited its public administration from the USSR, when it regained its independence on 20 August 1991.<sup>2</sup> The need to reform the administration thoroughly was evident: the country was simultaneously introducing political democracy, taking fast steps towards a market economy, and re-creating the institutions necessary for independent statehood. The role of state administration, and of the state in general, was to induce and support changes which were much more profound than any taking place in consolidated democracies. Even if policies often followed neo-liberalist scenarios and were based on an ideological commitment to a minimal state,<sup>3</sup> the very task of administering the post-socialist transformation necessarily resulted in what has been described as a ‘transformative state’. At the same time as it was engaged in creating and legitimising a certain social order, the state sought to construct a civic identity that would establish new bonds of loyalty between itself and its citizens.<sup>4</sup>

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2 The paper is based on a research project commissioned and financed by the Estonian State Chancellery. In addition to us, the research group included Juhan Kivirähk and Mari Sepp. At various stages of the research, we received advice and practical assistance from Aive Pevkur, Airi Alakivi and Airi-Alina Allaste. A number of our students helped by writing interview transcripts. The electronic questionnaire was administered by the Research Centre Faktum Ltd.

3 Mikko Lagerspetz & Henri Vogt (2004), “Estonia”. Sten Berglund, Joakim Ekman & Frank H. Aarebrot (eds.), *The Handbook of Political Change in Eastern Europe*. Second edition. Cheltenham, UK & Northampton, MA, USA: Edward Elgar: 57 – 93

4 Joel S. Migdal (1994): “The State in Society”. Joel S. Migdal, Atul Kohli & Vivienne Shue (eds.), *State Power and Social Forces*. Cambridge etc: Cambridge University Press, 7 – 34: 13f.

Some reforms of the previous structure had already been undertaken before independence, during the period of the “Singing Revolution”, and the Constitution of 1992 re-instated the process of legislation and defined the roles of new, democratic political institutions.<sup>5</sup> What followed was a process during which most institutions of state and local administration were reorganised, and in a few years a majority of public service staff was replaced by new personnel. In the 2002 regular report on Estonia’s progress towards accession to the European Union, the yearly staff turnover rate was assessed to be as high as 12 – 14%, while a majority of the staff was aged under 40, and one third aged under 30.<sup>6</sup> The Estonian civil service was regulated by the *Civil Service Law* that was passed on 25 January 1995 and came into force at the start of the following year. The field the law covers is a fairly large one; in fact, it has since been amended more than 40 times, most lately in March 2006.<sup>7</sup> An important addition, a *Code of Civil Service Ethics*, was drafted in 1999 and adopted by Parliament as an attachment to the Civil Service Law.<sup>8</sup> The Code consists of twenty general principles defining ethical conduct in public service; there is more than enough space for them on a single A4 sheet of paper. The Code is not supported by any specific implementation mechanisms.<sup>9</sup>

During the 1990s and 2000s, two competing approaches to public administration have influenced both administrative studies and the practical development of public service. The first, ‘Weberian’ model, derived from Max Weber’s classical treatment of bureaucratic administration, includes formal rationality and predictability as the basic elements of decision-making, with hierarchy, professionalism and merit determining recruitment and promotion policies. This model has been challenged by ‘New Public Management’, an attempt to introduce procedures typical of business enterprises to the public sector.<sup>10</sup> The Estonian public administration cannot be described as following either of the two models in an unambiguous way. In the Civil Service Law, Weberian elements would seem to dominate (when considering for example, remuneration mechanisms and the formal system for career promotion). However, some administrative mechanisms described in the law seem never to have been implemented in practice; moreover, the particular mechanisms

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5 “The Constitution of the Republic of Estonia”. *Estonian Legislation in Translation*, No. 1/1996, pp. 5 – 69. Tallinn: Estonian Translation and Legislative Support Centre

6 *2002 Regular Report on Estonia’s Progress Towards Accession*. Brussels: Commission of the European Communities SEC(2002)1402, p. 22

7 *Riigi Teataja I*, 1995, 16, 228. Available in the Internet:  
<https://www.riigiteataja.ee/ert/act.jsp?id=1011738>

8 <http://seadus.ibs.ee/seadus/aktid/rk.s.19990127.21.19991206.html>

9 Cf. Jolanta Palidauskaitė (2003), “Codes of Conduct for public servants in Eastern and Central European countries: Comparative perspective”. Paper presented at the EGPA Annual Conference, Oeiras, 2003

10 Wolfgang Drechsler (2005), “The re-emergence of ‘Weberian’ public administration after the fall of New Public Management: The Central and Eastern European perspective”. *Halduskultuur/Administrative Culture*, 7,1: 94 – 108

ignored belong to the Weberian system.<sup>11</sup> The actual state of affairs seems to have taken another direction than originally intended, even if it varies between different sectors of public administration. Some branches of government have been more inclined than others to introduce more market-oriented approaches. In short, the exact forms that Estonian public management is adopting are still, to an extent, open. The situation reflects the fact that the overall process of democratic consolidation has not yet come to an end.<sup>12</sup>

When re-building the political and administrative system of a formerly communist country, there are many challenges to be met. Under the communist regime, the civil service was not a modern one in the sense of a Weberian bureaucracy: its functioning was neither predictable nor based on transparent principles. Even the minor decisions could be politicised, and outcomes often depended on power games between different networks of power and loyalty.<sup>13</sup> In other words, boundaries between public service and politics, on one hand, and the private domain, on the other, were never entirely clear. During the process of democratic consolidation, the renewed corps of civil servants is involved in the adoption and creation of new value judgments, professional identities and patterns of communication. Despite the existence of formal regulations and laws, everyday routines play a key role in this process. As a result, standard procedures for making decisions and communicating with the public have emerged.

We can assume that these issues are closely connected to problems of professional ethics and integrity. We wish to stress that ethical dilemmas likely to be faced by members of newly emerged and rapidly changing institutions are typically not so much concerned with choices between ethical and unethical ways of conduct, but with choices between the ethical principles expected to prevail in different contexts. What may seem a transformation of values is, to a large extent, a redefinition of borders between social contexts of different types. Values may or may not change, but their areas of applicability certainly do. For instance, in private life it is expected that one will show greater concern for one's relatives and personal acquaintances than for strangers – a principle, that is incompatible with the principles of a modern civil service. It was nevertheless part and parcel of administrative practices under “real Socialism”; it also seems to prevail in clientelist systems, where trust in public

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11 These mechanisms include the creation of a reserve force of persons fulfilling the criteria for employment as civil servants, who are not in active service at present (*ibid.*, § 136 *et passim*), the regular attestation of all civil servants (§ 90 *et passim*), and important elements of the remuneration system. A statement to this effect was in fact presented by the State Secretary, Mr. Heiki Loot, at the Conference organised to mark the tenth anniversary of the Civil Service Law (22 March 2006).

12 Jon Elster; Claus Offe & Ulrich K. Preuss with Frank Boenker, Ulrike Goetting & Friedbert W. Rueb (1998), *Institutional Design in Post-communist Societies: Rebuilding the ship at sea*. Cambridge: Cambridge University Press

13 Cf., e.g., Ilja Srubar (1991), “War der reale Sozialismus modern? Versuch einer strukturellen Bestimmung”, *Kölner Zeitschrift für Soziologie und Sozialpsychologie*, Jg. 43, Heft 3, pp. 415 – 432



administrations is low and where, for that reason, personal connections to administrators and politicians are more highly valued.<sup>14</sup> To take another example, the introduction of market-based approaches to public administration may result in decisions that run contrary to previously conceived ideas of the public good, even if they sometimes manage to enhance the public sector's efficacy when measured from the point of view of the performing institution alone.<sup>15</sup> In short, ways in which public servants assess the ethical quality of different possible modes of conduct cannot be separated from how they perceive the contexts in which their activities are embedded. The resulting loyalty expectations are, in turn, an integral part of how the roles of public servants and public service are interpreted in society.

From these considerations, a number of empirical research questions arise, such as:

- What are the conflicting loyalties, role expectations, value systems, and ideologies that influence public sector employees?
- What types of situation present greater ethical conflicts or require choices between differing loyalties?
- To what extent has a standardization of values among civil servants taken place? Can such standardization be attributed to the existence of an official code of ethics?
- How do informal codes of practice develop within public sector organizations?

Our paper gives a preliminary overview of a recently completed study looking at these issues. The study concentrates on Estonian public servants' values and attitudes, their understanding of their role as public servants, and more generally, on their ideas about the position that public service as a whole occupies in society. The empirical results allow us to suggest some answers to the questions posed above.

## 2. Methodology

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The means used for data collection were group interviews (N = 58) and an electronic questionnaire (N = 960). The two different methods were chosen in order to gather information of different types; thus, we implemented the research strategy known as triangulation.<sup>16</sup> As a method, group interviewing has the advantage of allowing the participants to verbalise their ideas and experiences in ways that are less influenced by the interviewer than is the case, for example, in open-ended individual

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14 Cf. Alena V. Ledeneva (1998), *Russia's Economy of Favours. Blat Networking and Informal Exchange*. Cambridge etc.: Cambridge University Press; Robert D. Putnam (1993), *Making Democracy Work. Civic traditions in modern Italy*. Princeton, NJ: Princeton University Press

15 Drechsler 2005, 101 – 103

16 E. g., Julia O'Connell Davidson & Derek Layder (1994/2003), *Methods, Sex and Madness*. London & New York: Routledge, 53 – 55; Norman K. Denzin (1970), *The Research Act: A theoretical introduction to sociological methods*. New York: McGraw-Hill

interviews. When the respondents of one interview group are invited from an existing group rather than individually, it allows researchers to get an insight into what kinds of norms, values and discourses are shared by the group's members. In comparison to survey questionnaires, the answers to researchers' questions provided by group interviews are much more embedded in a context and, thus, do not have the fragmented character that questionnaire answers tend to have. On the other hand, a questionnaire, with representative samples of respondents from different relevant populations, allows quantitative comparisons; moreover, it can be replicated with more ease and at a lower cost than open-ended interviews.

The nine group interviews were conducted from 8 September to 19 October 2005 within eight state and municipal organizations; one group included officials of a similar position from different organizations. The groups were designed so that the participants included persons responsible for staff management, for legal issues, and for public relations. In addition, we sought to include the leading officials of different branches or sub-departments of every organization. Among the 58 participants were 37 women and 21 men; the average time they had worked within public administration was 6.8 years, and they had held their present post for an average of 4.9 years. The typical duration of a group interview was just under two hours. All interviews were recorded and transcribed. In quotations below, they will be identified by random numbers, which refer neither to the order in which the interviews were conducted, nor to the type of organization in question.

The second part of the empirical research process was a survey of civil servants, conducted from 20 December 2005 to 25 January 2006 by means of an electronic questionnaire. When deciding what questions to ask, we relied in part on the results of a preliminary analysis of the group interviews. The respondents received an Internet link by e-mail to the web page where the questionnaire was displayed, along with a personal password, which gave one-time access to the questionnaire. The link and password were sent to 1416 civil servants chosen at random from lists of employees in different branches of public administration. We received 960 answers, giving a response rate of 68%. In choosing the respondents we used a stratified sampling method, which ensured the representation of different governmental levels and types of organization.<sup>17</sup>

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17 We received 193 responses from local governments, 118 from regional governments, 159 from ministries, 205 from small government offices and inspecting authorities, 177 from large government offices (the police, taxation and customs authority, prisons, courts), and 108 responses from constitutional institutions. Among the respondents, 672 were female and 288 male. As to the respondents' self-reported position in their organization, 23 were top managers, 274 were higher officials, 538 were senior and 116 junior civil servants. Nine respondents classified themselves as assisting employees; in our analysis, we do not treat the last group separately.

### 3. Roles and values of Estonian civil servants: A preliminary overview

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The following presentation of our research results is organised according to the specific issues and research questions focused on, not by the type of empirical data. Hence, references to both group interview and survey data are intermingled. The results, interpretations and analyses presented below should be seen as early examples within a work in progress.

#### 3.1 Public service and other spheres of society

To begin with, the very term ‘public servant’ (*ametnik*) was not the one that participants in our group interviews would have tended to use when presenting themselves. When asked about their perceptions of the word, they readily associated it with a negative image, allegedly fostered by the media. Although our interview scheme did not contain any questions referring to this issue, a spontaneous discussion of the media emerged in every single one of the nine interview groups. Both the media and their audience were depicted as incompetent, negatively biased and/or easily misled when discussing public service. As was pointed out in several interviews, there is a predominantly negative view of politics that tends to become associated with public service as well. When presenting themselves as public servants to the general public, people could expect reactions such as these from one group discussion:

*INT 6 (...) V1: People confuse our work with politics. When I visit somebody, say, my grandma and grandpa, and tell that I work /at a Ministry/, they will ask about how we are getting along with Savisaar /a prominent Estonian politician/.*

*V2: Any news from Toompea /the location of the Government Cabinet/?(...)*

Most often the respondents preferred to present themselves instead by reference to a more specific function (e.g., lawyer, PR person, staff manager). However, there was one particular context, in which the label of public servant was found useful; that is, when an argument was needed in order to dismiss a ‘difficult client’. A public servant, it was argued, is obliged to act only within defined rules and does not have the option of offering special services to any particular individual. In this respect, the public sector was deemed as differing radically from the business sector. “*In business, everything that is not prohibited is allowed; in public service, everything not allowed is prohibited*”, was a proverbial wisdom that was quoted in three different interview groups (independently of each other).

Statements of this kind – although mainly concerned with the use of one expression, *public servant* – were also illustrative of the respondents’ overall way of defining the position of public service and public servants within society; examples of

such arguments can be found throughout the interviews, and their implications are confirmed by questionnaire answers. In short, public servants explained the borders between public service on one hand, and politics, media, business and the general public on the other. It was claimed that employment within public service presents more stringent requirements than are usually applied in other spheres of society – not necessarily with reference to the usual professional skills, but to ethics and personal character. In comparison with other fields of activity, public administration was considered to have a greater, long-term impact on society and, hence, to carry a heavier burden of responsibility.

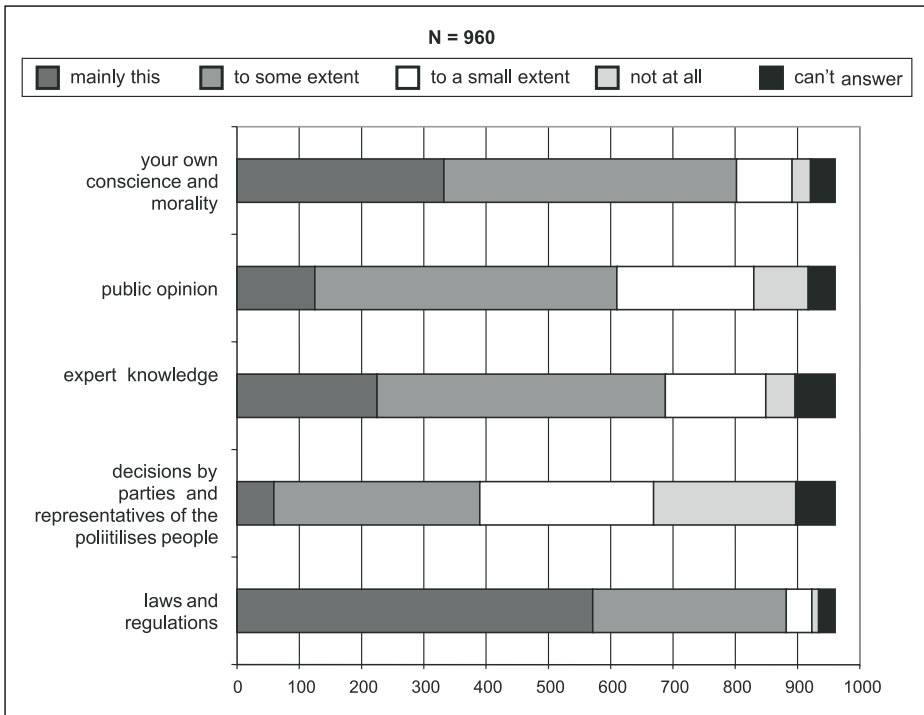
Among the questionnaire respondents, 79 per cent ‘fully’ or ‘rather’ agreed with the statement that “*ethical standards required from public service employees are higher than those required from ordinary citizens*”. Support for this statement increased in proportion to the public service record of the respondents. Concerning the qualities or skills required from the respondents in order to perform their work, *sense of duty* (82 per cent of the respondents considered it ‘absolutely necessary’ and 17 per cent ‘quite necessary’), *competence in own field of work* (82 per cent and 16 per cent, respectively), and *responsibility* (80 per cent and 18 per cent, respectively) were considered the most important. Such qualities as *good use of official language*, *communication skills*, *co-operative skills*, and *knowledge of legislation* were all considered less important.

### **3.2 Differing loyalties and the Public Good**

*The Code of Public Service Ethics* (par. 4) states, that all exercise of power within the public sector should serve the purpose of the public good. However, the Code provides no specific definition of this concept; it only becomes defined through concrete practice. When asked about it in the questionnaire (on a four-point scale), 92 per cent of the respondents found that laws and regulations are either the ‘main’ or a ‘somewhat important’ means through which the public good is expressed; as the second most important means of defining the public good the respondents chose public servants’ personal conscience and moral standards (with the respective rate of 82 per cent) (cf. Figure 1). The popularity of both answers correlated positively with the length of the respondents’ history of employment within public administration.

**Figure 1**

To what extent do you consider the following as expressions of public good?  
 Distribution of answers to the survey questionnaire, absolute frequencies



The public servants interviewed were well aware that their activities are surrounded by many different, sometimes mutually contradictory, interests and expectations. They were supposed to carry out political decisions, which occasionally were at odds with the expectations of other interest groups, or with the preferences the public servants themselves held either as private citizens or as experts with professional training in their field. During the group interviews, all the alternative ways of defining public good presented in Figure 1 were discussed. The idea of political decisions as indicators of public good was more often rejected than not; the interviewees, rather, favoured a view according to which a public servant plays an independent role in finding out about the legitimate expectations of various interest groups, and defining the public good in ways that often took the form of a compromise between different interests.

**3.3 Public Service Code of Ethics and values among public servants**

Although the opinions of Estonian public service employees differed significantly in many aspects, survey results still indicate the existence of some basic core values. In

our analysis we interpreted these values as being based on the idea of *public service as a vocation*. This idea has been considered part and parcel of modern civil service.<sup>18</sup> It was pointed out by Max Weber; according to him, the administrative system is based on its employees' moral discipline and self-denial: "The honour of the public servant is vested in his ability to execute conscientiously the order of superior authorities, exactly as if the order agreed with his own conviction. This applies even if the order appears wrong to him and if, despite the public servant's protests, the authority insists on the order."<sup>19</sup>

As can be seen in both the group interview and survey data, the readiness and desire of public servants to protect their colleagues and to guard the ethical standard and the external image of their organization arises from this idea. Thus, the average general ethical quality of Estonian public service as evaluated by the respondents on the 10-point scale was 5.75. At the same time, the ethical quality of employees at the respondents' own organization was always considered higher than the average public service value; in most cases, it amounted to 7 or 8 on a ten-point scale. Executives and high-ranking officials were especially positive in their evaluations (average values 8.22 and 7.64, respectively). Even if the respondents did identify problems and development needs in the field of ethics, they were mainly concerned with other organizations and levels of government than their own.

Researchers in the field of public administration tend to consider codes of ethics as among the most efficient means for the harmonization of public servant conduct, which also influence the expectations and attitudes of the general public towards public service staff.<sup>20</sup> We examined (both in the interviews and questionnaires) to what extent Estonian public servants were acquainted with the *Public Service Code of Ethics*, and whether they had applied it in their work.

Of the 58 participants of group interviews, about one-third claimed to have read the Code of Ethics at least superficially. In comparison to other employees, staff managers and lawyers tended to be more informed about the existence and the contents of the Code. Most respondents to the questionnaire (68%) claimed to have familiarized themselves with the Code or to have at least browsed it. Only one third claimed to be thoroughly familiar with the document or to have used it in their work. Knowledge of the Code of Ethics was also associated with the respondents' position in the organisational hierarchy: the greater their responsibilities, the more likely they were to claim thorough knowledge and active use of the Code. For example, 52 per cent of the top executives claimed to have thoroughly read or used

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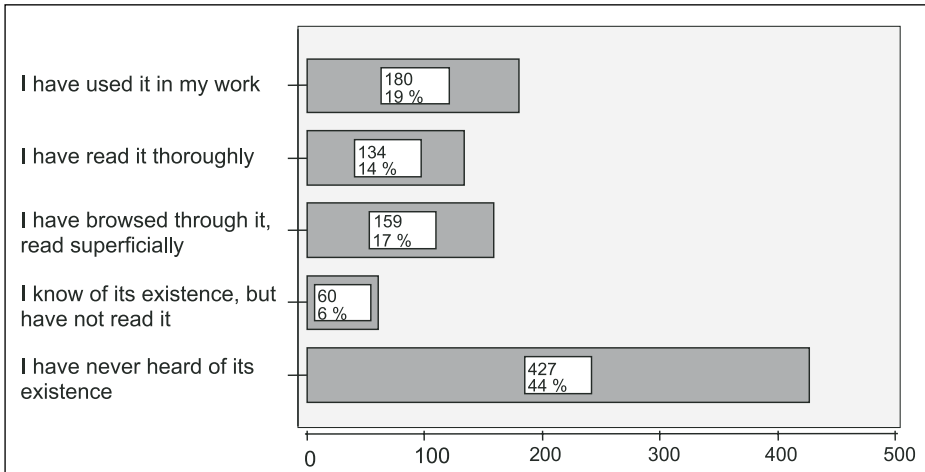
18 Maria Cavallin (2003): *I kungens och folkets tjänst. Synen på den svenska ämbetsmannen 1750 – 1780*. Göteborg: Göteborgs universitet: 235

19 Max Weber (1918/1991), "Politics as a Vocation". H. H. Gerth & C. Wright Mills (eds.), *From Max Weber: Essays in Sociology*. London etc: Routledge: 95

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the document, while the percentages among senior and junior civil servants were 32 per cent and 19 per cent, respectively.

**Figure 2**  
 Have you acquainted yourself with the Civil Service Code of Ethics?  
 Answers to questionnaire, absolute frequencies (N = 960)



Evidently, in-depth discussion of public service ethics and the ways of monitoring them was a novel activity for most respondents. It seems that no commonly shared standards of solving ethical problems have so far emerged, apart from at a very abstract and general level. This was illustrated by the fact that participants of group interviews initially presumed that their fellow participants would share several basic assumptions and opinions with them; instead, the discussions revealed considerable differences. Responses to the questionnaire point to a similar confusion. The modes of conduct that respondents deemed as inappropriate for a public servant included the exercise of several basic democratic rights, such as party membership, participation in election campaigns or demonstrations, and writing comments to Internet portals. Certain ethically problematic actions were severely criticized (such as the use of airline bonus points for private travel), while some much more common problems (use of working means for private ends) were not considered condemnable. Attitudes towards media and publicity were rather sensitive. Among possible offences against ethics, those potentially damaging to the public image of colleagues or the organization were considered especially grave. In the group interviews, numerous examples were quoted of cases where mass media had spread misleading negative information about civil servants and their work.

### **3.4 The development of informal codes of practice**

When conducting the group interviews, we sought to initiate discussion on ways in which the prevention, detection and reporting of unethical conduct work in practice. In the questionnaire, this question was formulated in a somewhat different way: we presented a selection of possible ways for improvement of public service ethics. When making choices between them, the respondents preferred personal example by top executives (61 per cent) and general improvement of the political culture (54 per cent). The discussions in interview groups indicated that there are no specific, generally agreed or formalised means of monitoring ethics in the civil service. At the same time, almost all participants believed (with only a few exceptions) that organizations have developed their own practices for dealing with unethical conduct. These can be divided into four categories: **hierarchical relations**, **general work arrangement**, **social control** and **organization culture**.

By hierarchical relations we mean that employees have someone to whom they must report in detail, and to whom they are responsible. According to a number of respondents, hierarchical relations and the executive's role in the organization are among the main factors promoting the prevention and disclosure of unethical conduct. "*In general, everything depends on the manager (INT 9).*"

As concerns general work arrangement, most of the respondents believe that the growing clarification of the employees' responsibilities (through, for example, drawing up of more accurate job descriptions, etc.) and to increasingly clearer rules (concerning the arrangement of public procurement tenders, etc.), possibilities for unethical conduct in the public sector automatically become more limited. In addition, the activities of staff and departments are usually monitored by a unit established for this purpose – the internal audit.

The third method of ethics monitoring mentioned in the interviews is social control by peers. Since much of the work done by civil servants is based on co-operation and joint efforts with joint responsibility, efficient measures for preventing and disclosing unethical conduct are available.

*INT 9 (...) V1: We meet, we sit, we discuss the matter, it is not like straight down from above, each civil servant works in his or her own way, and each executive also works in his or her way. But of course, instructions are still given, matters are discussed, you can be interrogated about why you acted as you did. Perhaps somebody is so skilful with argumentation that he actually is able to show that he did the right thing, only in a somewhat different direction.*

*V2: Civil service is teamwork (...)*

Public servants emphasised good relations between people and solidarity among colleagues, which was also presented as one of the specific features of the



public sector, in comparison to the business sector. As attitudes and behaviour become established, organization cultures arise. Some respondents were of the opinion that the existence of a culture that condemns unethical conduct in an establishment is in itself sufficient for the development of shared standards of ethical conduct. The people who disagree will soon find a reason for leaving the organization. However, all respondents did not share this view of spontaneous development; it was claimed that more specific and conscious support is required. In general, public servants believed that possible ethics-related problems should be dealt with within the confines of the organization and in the 'smallest circle' possible, in order to avoid damaging the reputation of the organization and the public service in general.

According to some of the respondents, the Estonian public service is still too young to expect common values from public servants. They emphasize that the establishment of a shared value system takes many years and requires constant goal-oriented efforts. The majority of respondents were convinced that the formation of values and attitudes in public service will continue in the future. In their opinion, the most efficient method would be the introduction of ethics training from above, at the executive level. Recruitment of new employees and the emergence of general organization culture is, according to them, ultimately dependent on top executives.

The belief that improvement of the ethical quality of public service can be achieved through the personal example of top executives was also evident in the results of the survey. Thus, 61 per cent of the respondents were of the opinion that this is the most important factor ensuring ethical quality in the work of the public sector. Among the top executives themselves, 74 per cent considered their own example as the main factor ensuring ethical quality. The next two important factors were the improvement of the general political culture (54 per cent of the respondents) and the improvement of administration culture (43 per cent).

The amendment of job descriptions and codes of ethics – a solution proposed rather more often in the interviews – did not receive significant support in the questionnaires. No more than 18 per cent and 15 per cent of the respondents agreed that a general code of ethics and internal code of ethics, respectively, were among the main methods to be used for ensuring ethical conduct in public service; 16 per cent believed that ethics can mainly be supported by means of more accurate job descriptions. Employees of smaller government offices and inspecting authorities, regional governments and local governments tended to consider codes of ethics and job descriptions somewhat more important than the average. Regarding the options suggested in the questionnaire, neither the introduction of new legislative measures nor the establishment of an independent ethics commission received much support.

Most of the participants were of the opinion that public service ethics is in need of further treatment and discussion. Self-regulation based on the internal culture of departments was considered to be the most important factor in developing

ethical standards; the importance of personal example displayed by executive personnel was emphasised as well.

## 4. Conclusions

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Discussing public service ethics was a novel activity for most respondents. This seems to apply for the whole public administration in Estonia. For this reason, the ways in which ethical issues are understood are still rather vague and controversial. In many situations, public servants must rely on their best understanding of ethics in general, without any support for its implementation on the specific problems they encounter in their work. Obviously, the contents of the *Public Service Code of Ethics* are not well known and the document is rarely used. This may be because of the relatively abstract nature of the principles provided by the Code and their “universal” content; it also depends on the non-binding legal status of the document which makes its application difficult. The Code is seemingly intended to cover a great number of different practical situations, and for this reason the principles inevitably remain general and abstract. In the practice of various other countries, there are examples of public service codes of ethics that are fundamentally different, providing as they do detailed modes of application.<sup>21</sup>

Public servants base their understanding of their professional role on an ideal of public service as a vocation. Besides endowing public servants with higher ethical responsibilities than ordinary citizens, this ideal also tends to legitimize a paternalist attitude towards other spheres of society – including politics and society in general. The resulting view of public administration is also one of the reasons why respondents considered it important to guard their organization against – possibly biased and incompetent – inspection by the public and the media. Their preference for self-regulating measures and suspicion of external control is indicative of their ideal of the overall role of public service in society. Apparently – and allowing for large variation between individuals and institutions – the prevailing idea includes a view of the Estonian public service as a key element in a ‘transformative state’. Public servants see themselves at the forefront of a rapidly modernising country, at the same time as they distance themselves from what they see as incompetence and a lack of a sense of responsibility in other fields of society. Considering the elitism inherent in this new discourse of social engineering, the new administration’s break with its Soviet legacy is not as complete as one might have expected.<sup>22</sup>

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22 We feel it important to stress that the research described above is still very much a work in progress; both the qualitative and the quantitative data allow for the analysis of a wide range of issues that have not been discussed in this paper.

# Declarations of Income and Assets: An Assessment of Polish Initiatives

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## Introduction

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The disclosure of private interests is a key step in identifying and avoiding conflicts of interest. Poland has, therefore, introduced a rigorous system which requires civil servants to disclose assets and liabilities which may give rise to a conflict of interest.

In this presentation we look at the Polish system used in public administration for submitting declarations of income and assets. Our aim is to focus on regulations regarding public servants working for local authorities on the three levels of town, district and region. The solutions used for local authorities are not new, as other public servants already had similar obligations. For example, judges as well as debt collectors are obliged to submit such declarations.

## The basic provisions

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Members of the civil service are obliged to disclose their interests as follows:

- *Before employment:* prior to taking up a position, members of the civil service must submit an asset declaration statement in which they are required to list property ownership and other financial interests. They must also indicate whether they are a member of a management board, supervisory board or audit commission of a company, or whether they sit on an executive board of any foundation that conducts business activities. They must also provide information on their own business activities and involvement in business activities run by others.
- *During employment:* civil servants must submit an annual asset declaration statement along the same lines as the declaration outlined above.

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- *After public employment:* on the day they leave, civil servants must submit a final asset disclosure, again similar to that outlined above. Up to one year following the end of their tenure, civil servants cannot be employed by, or perform other activities for, a business if they took part in making official decisions concerning the business in question. People who held state managerial positions are obliged to obtain the consent of a special commission reporting to the prime minister in order to undertake employment in an entity that was supervised by the former state official.

The Law on *Limitation on Conducting Business Activities by Persons Performing Public Functions* established a National Registry of Interests. People who hold state managerial positions as well as senior local government officials (mayors, deputy mayors, members of executive district or regional boards, chief executive officers, and treasurers, and their spouses) are obliged to report presents and benefits they receive, and debts they incur, to the National Registry of Interests. In particular, they must give information on earnings from remunerative positions and activities (both from public administrations and private institutions), from work carried out independently, sponsorship, gifts and travel unrelated to public office; all gifts exceeding 50 per cent of the minimum monthly wage; and all other benefits exceeding the same value. The register is open to the public and is maintained by the State Election Commission.

The obligation to submit a declaration of income and assets may take different forms. Some professional groups have been fulfilling this obligation for a long time, whereas others have only started doing it. In this study we will mainly examine the solutions applied at the local government level. However, the concept of property declarations has existed in Polish legislation for some time. The table below presents a general outline of the legal position in this respect.

As can be seen from the table, the regulations vary significantly according to the professional group. For some of these groups the obligation is described in detail, while in others the provisions are unclear and remain to be legally clarified. It would seem that this issue needs further clarification and standardization in order to prevent situations where legal duties exist but not the efficient means to impose them.

The most recent modifications in conflict-of-interest policy aim to bring more transparency to local government and restore public confidence in its operation. New provisions have introduced mandatory asset declarations for public officials and also require information on family links to recipients of public spending. The rigorous public disclosure requirements for public servants came into effect at the beginning of 2003 as part of the government's effort to curb corruption and nepotism. Officials who fail to comply with these new provisions incur financial penalties or can even be removed from office. In addition, local government officials are not allowed to receive any gifts or benefits from parties to decisions in which the

official participated in an official capacity. This ban remains in force for three years after the end of the term of office.

<b>Subject Submitting The Declaration</b>	<b>Availability Of The Declaration</b>	<b>Legislation Introducing The Obligation</b>	<b>Penalties For Non Submission</b>
1. Managerial positions in the Civil Service Corps 2. Some of the employees of Regional Chambers of Commerce and Independent Arbitration Boards <sup>4</sup> 3. Some employees of state-owned banks, state enterprises, state agencies, single-person companies belonging to the Treasury.	confidential information	Act limiting the freedom to run business activities by persons holding public positions of 21 August 1997, (Journal of Laws 1997 No 106, item 679)	responsibility of appropriate professional body
Members of the Board of public insurance companies	confidential information	Act on the organization and functioning of pension funds of 28 August 1997, (Journal of Laws 1997 No 139, item 934)	the supervising authority may inflict a penalty of up to 10,000 PLN
Members of the Parliament Posłowie i Senatorowie	public available on the Web	Act on the duties of a member of Parliament of 9 May 1996, (Journal of Laws 1996 No 73, item 350)	statutory responsibility and the loss of earnings until a declaration is submitted
Inspectors and other employees of tax inspection offices	confidential information	Act on taxation inspection offices of 28 September 1991, (Journal of Laws 1991 No 100, item 442)	RESPONSIBILITY OF APPROPRIATE PROFESSIONAL BODY
Police Officers	confidential information	Act on Police of 6 April 1990	RESPONSIBILITY OF APPROPRIATE PROFESSIONAL BODY
Court debt collectors	confidential information	Act on court debt collectors and financial enforcement proceedings of 29 August 1997 (Journal of Laws 1997 No 133, item 882)	RESPONSIBILITY OF APPROPRIATE PROFESSIONAL BODY

2 The case of the President of the Appeal Court is somewhat odd, as they have to submit their property declaration to an authority which has not existed in the Polish public administration system for some seven years.

Section III Professionalism and Accountability in Public Service

officers and other employees of immigration services	confidential information	Act on immigration services of 12 October 1990	RESPONSIBILITY OF APPROPRIATE PROFESSIONAL BODY
Lower court Judges	confidential information	Act on the public courts system of 27 July 2001 (Journal of Laws 2001 No 98, item 1070)	INTERNAL DISCIPLINARY PROCEDURES
Customs Officers	confidential information	Act on Customs Service of 24 July 1999 (Journal of Laws 1999 No 72, item 802)	RESPONSIBILITY OF APPROPRIATE PROFESSIONAL BODY
Public Prosecutors	confidential information	Act on the public prosecution office Of 20 June 1985 (Journal of Laws 1985 No 31, item 138)	INTERNAL DISCIPLINARY PROCEDURES
Employees of the Revenue Office and tax office employees of the civil service	confidential information	Act on Revenue and tax offices of 21 June 1996 (Journal of Laws 1996 No 106, item 489)	INTERNAL DISCIPLINARY PROCEDURES
Administrative Court Judges	confidential information	Act on the administrative court system of 25 July-2002 (Journal of Laws 2002 No 153, item 1269)	INTERNAL DISCIPLINARY PROCEDURES
Supreme Court Judges	confidential information	Act on the Supreme Court of 23 November 2002 (Journal of Laws 2002 No 240, item 2052)	INTERNAL DISCIPLINARY PROCEDURES
Local government employees	confidential information	local government employees' Act of 22 March 1990 (Journal of Laws 1990 No 21, item 124)	RESPONSIBILITY OF APPROPRIATE PROFESSIONAL BODY
Fire fighters employed at headquarters of the State Fire Brigades	confidential information	The Bill on the State Fire Brigade of 24 August 24 - 08 - 1991 (Journal of Laws 1991 No 88, item 400)	RESPONSIBILITY OF APPROPRIATE PROFESSIONAL BODY
Regular soldiers holding position of commanding officer, deputy commanding officer or accountant	confidential information	Act on military service of regular soldiers of 11 September 2003 (Journal of Laws 2003 No 179, item 1750)	INTERNAL DISCIPLINARY PROCEDURES

Almost all senior officials in local government are required to make a disclosure on income and property. This disclosure covers both their own and jointly held property. The declaration includes information on:

- funds, buildings and land, shares in commercial companies, the purchase of property from the Treasury or from other state entities or local government or-

ganizations, and information on any business activities and positions with private companies;

- income received from employment or from other commercial activities or occupation stemming from the sources mentioned above;
- personal property with a value exceeding PLN 10,000 (about €2,500);
- financial obligations with a value exceeding PLN 10,000 (about €2,500), including debts and loans as well as contractual obligations.

Declarations of income by local government employees and officials are now regulated in detail by Polish law. When the Polish Parliament reorganized local government in 1990 at the town council level, few expected that only eight years later another reform would take place to establish district and regional level local government (*powiat* and *województwo samorządowe*). Many local government officers who worked between 1990 and 1998 refer to those years as a 'honeymoon period'. They claim that during that time there was an outbreak of real local decision making. The number of legal regulations from above did not unduly hamper local authorities in reaching their decisions and many issues, the handling of which today may seem inappropriate, were left to the discretion of local government. Polish legislation did not regulate in detail at that time on the holding of two or more positions at once, or other measures of an anti-corruption nature. However, the longer local government has existed, the more restrictions have been issued by the Polish parliament.

Regarding property declarations in local government, the original version of the Local Authorities Law of 8 March 1990 made no mention of such requirements. This obligation was introduced only in 1998. However, the current legal position regarding property declarations at the local government level is a result of changes in legislation introduced in 2003.

During the period between 1998 and 2003 the requirement for property declarations was in reality a fiction. According to the regulations then in place, a councillor was required to make a declaration concerning any possession of property to the chairman of the council. The declaration had to include information on the finances and property of the person concerned, as well as information on assets held in common in marriage. The councillor was obliged to submit the declaration within thirty days of taking office, two months before subsequent elections and annually before 30 March detailing the situation on the 31 December of the previous year. The reason for this obligation being fictitious is that the contents of the declarations were confidential. Nobody apart for the councillor himself and the chairman of the council had access to the declaration. A councillor gave the document to the chairman and the matter finished there. Local residents were unable to check the financial state of a councillor before they took office and could not compare it with the position at the end of their term. Naturally, the legal provisions included the possibility of making the content of the declaration available to the public. The first possibility

was when the councillor himself agreed that the declaration could be made public. The second was if the chairman decided that there was a justifiable reason for disclosure. Even without obtaining the permission of the councillor, and having obtained the opinion of an auditing committee, they could make the data from the declaration public. Even if such events did happen, they were only exceptions proving the rule that in general the content of the property declaration was secret. There were situations, therefore, where the submitted declarations contained information that was far from truthful. For example, in one town council a councillor stated that the only movable property he possessed was a canary and a mother-in-law. The lack of regulations to make this obligation more precise meant that it was not taken seriously. The main reason for this was that there were no serious sanctions for not submitting the declaration. The only consequence for a councillor was the withdrawal of earnings – they still kept their seat. From November 2006 councillors who do not submit a property declaration before the due date will lose their seats by law. If a mayor (*wójt*) does not fulfil this obligation the result will be the same.

### **Summary for the period 1998 to 2003**

There were several important features of regulations in the field of property declarations:

1. the local government law relating to town councils imposed the obligation to submit a declaration of income and assets only on councillors;
2. the content of the submitted declaration was to a large extent not specified;
3. there were no real sanctions for not submitting the property declaration;
4. the submitted declarations were not freely available, as they were treated as confidential information.

Generally speaking, due to significant loopholes in the legislation and inadequate legislative detail, the requirement to make a property declaration during this period was not taken seriously.

The changes in this area – and they were fundamental changes – took place in 2002. The Act of 23 November 2002 changed the regulations concerning the submission of declarations of income at all three levels of local government in Poland. From then on, declarations were to become a serious tool in the fight against the pathologies of public life. The most important change was introducing complete openness regarding the declarations. This should be considered as highly positive. Naturally, some elements of the declaration are still confidential, but these kind of limited exclusions are normal in every democratic society. The information concerning the precise location of a property as well as the address of the person submitting the declaration is not revealed. Another important change is the requirement to publish submitted declarations on the website of every office. A central system of access to public information has been created via the website [www.bip](http://www.bip).



gov.pl. Through this site one can find the address of every public institution in Poland required to maintain its own website. In the same way, all local authorities have been obliged to publish copies of property declarations on their websites.

Polish legislators have also widened the range of people obliged to submit property declarations. The legal requirements introduced in 2003 are as follows:

<b>Subject Obligated to Make a Declaration</b>	<b>Declaration to Be Presented to</b>	<b>Penalties for not Making a Property Declaration</b>
<b>Councillor</b>	The chairman of the council	Up till Nov. 2006 the only result of not making a declaration was loss of earnings – the post was retained
<b>Mayor</b>	Vojvode (prefect or governor)	
<b>Deputy Mayor</b>	mayor	Loss of earnings from the day on which the declaration was due until the declaration is made. The head of a town council is obliged to dismiss the deputy mayor not later than 30 day after the missed deadline for making the declaration.
<b>Secretary</b>	mayor	Loss of earnings from the day on which the declaration was due until the declaration is made. The council must dismisses the person from office by way of a resolution not later than 30 days after the missed deadline for making the declaration.
<b>Treasurer</b>	mayor	
<b>Member of Town Council Governing Body</b>	mayor	Loss of earnings from the day on which the declaration was due until the declaration is made.
<b>Manager of a Council Body (E.g. Principal of a Primary School, Chief Officer of a City Ward)</b>	mayor	The appropriate institution must dismiss the person from office not later than 30 days after the missed deadline for making the declaration.
<b>Person Making Administrative Decisions on Behalf of the Mayor</b>	mayor	Loss of earnings from the day on which the declaration was due until the declaration is made. The head of a council must terminates their contract of employment not later than 30 days after the missed deadline for making the declaration. The termination is equivalent to termination of a contract without a notice

The disclosure of income and property, together with a copy of the declaration of income in the preceding tax year and any amendments, has to be supplied in duplicate. Councillors and mayors must file the disclosure within 30 days of taking office. Subsequent declarations of income and property must be made annually by councillors and mayors before April 30, covering the preceding year, and two months before the end of their term. A deputy mayor, member of an executive board, chief executively, treasurer, director of a local government unit, manager

of a local government legal entity, or a person authorized to take administrative decisions must file their first declaration within 30 days of taking office or starting employment. Subsequent declarations must be filed annually by April 30, and on the last day of their term of employment.

The information in the declaration is checked by the authority where the declaration was filed, and is also sent to the local office of the State Treasury, which carries out a similar check. The checking of the declaration by the treasury office also takes into account the income earned by the spouse of the official in the preceding tax year. The analysis may also compare the figures in the declaration – together with the attached copy of declared income earned in a given tax year – to previous declarations. If there is a suspicion that it contains incorrect or false information, the official in charge of checking the declaration can request an audit from the director of the fiscal inspection office. If the request is refused, the case can be appealed to the general inspector of fiscal control. The official in charge of checking the declarations has to make a report to the appropriate town, district or regional council by October 30, giving details of those who did not file a declaration or who filed after the deadline; and outlining any incorrect information contained in the declaration with detailed explanations. The information included in the declaration on income and property is publicly available, although it excludes private information, such as home addresses and the location of property.

It is a criminal offence to include false information in the property declaration. The provisions of art 233 § 1 of the penal code stipulate a sentence of up to three years' imprisonment for this kind of behaviour

The facts that the meetings of the relevant authorities are open, and their decisions publicly available to all interested parties, put additional pressure on those who do not make the required property declarations.

Some experts in the field have claimed that the requirement to make property declarations was introduced without adequate care, in a way that allowed for it to be readily evaded. It does indeed seem that the regulations are somewhat legalistic and not free from legislative faults. For example, the amount of financial resources in Polish and foreign currency on the 31 December of the previous year has to be given in the declaration. In many cases people making the declaration state that they have zero PLN in their accounts.

This kind of situation occurs not only at a local government level. The Minister of Internal Affairs and Administration states in his property declaration<sup>3</sup> that he has zero PLN and zero in other currencies. In the next part of the declaration one can read that he has taken out a mortgage for the purchase of a house amounting to 290,000 PLN. A similar situation occurs in the case of the Minister of Labour and Welfare who, whilst not having any cash in Polish or foreign currencies, has a

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3 [http://www.kprm.gov.pl/8972\\_14903.htm](http://www.kprm.gov.pl/8972_14903.htm)

credit amounting to over 100,000 PLN. The question arises: are the ministers not telling the truth or do they genuinely have no financial resources in their account at that precise moment? The example shows that the purpose of the obligation is not specified. It is relatively easy to answer the question in this way without breaking the law; it is enough to make sure that on 31 December there is indeed no money in the account and the obligation is truthfully fulfilled.

A similar situation arises in the case of members of parliament. In the Podlaskie region in 2005 fifteen members of parliament were chosen. Three of them stated in their declarations that they had zero PLN and no foreign currencies.

### **New legislation in 2003**

Alongside the requirement to submit a property declarations the Polish legislation in 2003 introduced two additional obligations.

The first was the obligation to submit a declaration concerning the business activities of those close to the official. The list of people required to submit this kind of declaration, as well as those nominated to accept them, is identical to the one regarding property declarations.

The declaration on business activities covers the following information:

1. business activities run by a spouse if such activities are performed in the territory of the town council in which the person obliged to submit the declaration is employed or holds office.
2. civil legal contracts entered into by a spouse, if:
  - such contracts were entered into with institutions of the council, the organizational units of the council or legal representatives of the council and,
  - they do not concern legal relations resulting from:
    - using the services publicly available
    - conditions which are publicly effective *{sic Ed.}*.

These declarations are not passed on to the Revenue Office, and are only checked by the official nominated to accept them. The declarations are also openly available and anyone interested can consult them in person or via the website. The penalties for not making a declaration are identical to those relating to property declarations.

The second requirement introduced since 2003 concerns employment information. Those obliged to submit the information as well as those nominated to accept it are identical to the above mentioned declarations. The information is not pass on to the Revenue Office, and the penalties for not submitting the information are the same as for the declarations mentioned above. The information is also openly available to anyone interested.

The information covers the following facts:

1. employment details of a spouse during the period that the person submitting the information holds office or employment.

The information should include employment which took the following forms:

- employment in an organizational unit of the local authority;
  - employment in an association of units of the local authority;
  - the employment in – or other earnings from – companies in which at least 50% of shares or stocks are held by the local authority;
  - employment in the territory of the local authority.
2. the submitted information must also cover any changes in a position held by the spouse employed by the bodies mentioned above.

For example, if the wife of a councillor was employed as a teacher at a primary school while her husband held office, the councillor is obliged to declare this fact. Also, if during this period the position she held changed, the councillor must declare it. The general principle is that information about any change should be declared within 30 days from the day the change took place.

The legal regulations described above show some of the procedures designed to prevent corruption in local government. What is most important is their practical application. Are the obligations really being fulfilled in practice? The inspectors from the Supreme Chamber of Control (NIK) have tried to answer this question. In 2005 they prepared an investigation into the procedure for submitting property declarations in Poland<sup>4</sup>. The results of this investigation were published in January 2006. It is worth emphasizing that the investigation covered declarations made by different professional groups, not just local government officers. The aim of the investigation was to evaluate how the requirement to submit property declarations was being fulfilled. According to the NIK the practice of submitting and checking property declarations does not necessarily secure transparency in public life. The existing situation, according to the NIK, gives rise to a general opinion in society of the lack of honesty of people holding public office. The NIK has also pointed out the lack of due care concerning the checking of declarations and lack of penalties for those who did not make the declarations or did so after the deadline. In cases of incorrect information the response was not sufficient and not firm enough. According to the NIK, the standardization of provisions in the field of property declarations made by different professional groups is a necessary condition for securing the

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4 [http://bip.nik.gov.pl/pl/bip/wyniki\\_kontroli\\_wstep/inform2006/2006002](http://bip.nik.gov.pl/pl/bip/wyniki_kontroli_wstep/inform2006/2006002)

proper fulfilment of these obligations. The tables below show the situation relating to property declarations submitted by local government officials <sup>5</sup>:

Region	councillors		Board members		Persons authorized to take decisions	
	Made in time	Made after the deadline	Made in time	Made after the deadline	Made in time	Made after the deadline
<b>zachodniopomorskie</b>	-	29	5	-	12	1
<b>lubuskie</b>	-	29	-	5	-	6
<b>pomorskie</b>	29	7	6	1	8	-
<b>kujawsko-pomorskie</b>	33	-	6	-	No data	No data
<b>lubelskie</b>	34	-	3	2	9	1
<b>łódzkie</b>	30	1	5	-	10	-
<b>podlaskie</b>	35 (one person did not submit)	-	5	-	5	-
<b>dolnośląskiego</b>	30	-	5	-	10	-
<b>mazowieckie</b>	51	6	3	2	21	3
<b>świętokrzyskie</b>	31	2	5	-	38	1
<b>wielkopolskie</b>	34	10	Appointed on the 10th of Oct		3	-
<b>śląskie</b>	48	8	3	-	4	1
<b>podkarpackie</b>	30	-	5	-	4	-
<b>opolskie</b>	30	-	5	-	3	-
<b>warmińsko-mazurskie</b>	27	3	6	-	9	2

5 24 local government employees did not make a property declaration. The following sanctions were applied to five out of the 24:

- four had deductions made from earnings while one was dismissed from the position of manager of a unit of a town council.
- 41 councillors made declarations after the deadline
- 28 had earnings deducted until late declarations were made.
- Five out of those who did not make declarations forfeited earnings (2003)
- Four out of those five forfeited their seat (2004)
- One seat was vacated following the verdict of a court that a councillor was criminally guilty (2004)

Declaration of income and assets	number of local government employees			
	those obliged to make a declaration	those who fulfilled the obligation within the legal deadline	those who made a declaration after the legal deadline	those who failed to make a declaration
2003	1089 (98,4%)	1073	13	3
2004	1128 (99,6%)	1115	11	2
2003	1168 (97,3%)	1136	27	5*
2004	1155 (97,9%)	1131	14	10**

\* concerns the councillors from 5 units of the local authority

\*\* concerns the councillors from 8 units of the local authority

## Conclusions

Nepotism, cronyism and conflict of interest would be less pervasive if efficient procedures of control existed. The laws introduced up to now to require politicians and public servants to declare their property and economic interests are too limited and insufficiently effective in implementation. Local government officials are obliged to declare their own property as well as property owned jointly with their spouses. However, if the official's spouse owns assets that are not part of their common property, these do not have to be declared. Neither does the law say anything about property owned by other members of the official's close family – parents, children and siblings. When proposed in 1995 the law included a requirement for family property disclosure but this 'strong' version did not get enough support in parliament. Thus obviously leaving loopholes for hidden rent-earning.

# Ethical Values in Estonian Public Service Organisations

*Aive Pevkur<sup>1</sup>*

## Introduction

In 1995 the Estonian parliament (Riigikogu) adopted a Public Service law that became effective at the beginning of 1996. The aim was to shape the Estonian public service as an open, position-based system with some elements of a career system. Strong support for a position-based system came from politicians as well as from a European level (Bossart, Demmke 2003, 9 – 10). Such an opening of the public service would also mean reducing the degree of central coordination and giving more responsibility to the organisational level.

In order to develop further the ethical standards of values for public servants, Riigikogu approved the Public Service Code of Ethics as an appendix to the Public Service law in 1999. Formally the code is a supplement to the law and contains its own enforcement mechanisms (Saarniit, 57). The Code does not specify any particular guidelines for action or any concrete punishments for wrongdoings (Palidauškaite, 2005), while its chief purpose initially was to encourage public servants to act in a proper way (Tallo, 1999). Unfortunately, and partly because there were no actual implementation mechanisms for the Code for a long time, it has in fact been used as a tool for punishment (Saarniit, 57). In ethics questions there was also a lack of central coordination, since implementation was left to individual public sector organisations.

Then, in 1999, the Riigikogu adopted an Anti-Corruption law. In 2004, an anti-corruption strategy called 'An Honest State' was put forward, in which a number of specific steps were proposed with the aim of reducing the risk of corruption in Estonia. Responsibility for the development of questions of ethics in the public service (raising awareness, organising training, exchanging information, etc) was left to the State Chancellery which needed information about the real values and attitudes of those employed in the public service to fulfil this obligation.

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## Survey

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Estonia is a typical new member state of the European Union from Central and Eastern Europe (CEE) with problems of public service ethics that are common to all similar countries (Brown 2003). The public policies and ethics systems in CEE countries are commonly produced *ad hoc* and in unsystematic ways (Brown 2003). Since its adoption, the Estonian code of ethics has met implementation and enforcement problems (Saarniit, 2003, 2005). Not only is there a lack of proper implementation mechanisms, but also most Estonian public servants consider the Code as imposed by Riigikogu and almost like a law, rather than as an expression of their own public service ethos.

On the other hand the Estonian Public Service Code of Ethics was presented as a collection of values which express the public service ethos. As a theoretical source, it contains all important core values declared by the international community and accepted in most European countries (Saarniit 2005, Palidaukaite 2005), including the member states of the Organization for Economic Cooperation and Development (OECD) (Saarniit, 53). Since the practical recommendations of the EU and the OECD in this regard seem to be based on the assumption that the public services of the member states are relatively similar as regards the values and attitudes of public servants, while the norms and values required by the European Code of Good Administrative Behaviour or in EU and OECD documents are recognized in the new EU member states, it is worth asking whether and to what extent these values are recognized among public servants in Estonia.

The same question is also prompted by a recent international study, 'The Ingelhart Values Map', according to which survival values play an important role in Eastern Europe, while in the English-speaking countries, and in protestant European states and Nordic countries, self-expression values are essential.

*Societies which rank high self-expression values also tend to rank high on interpersonal trust. This produces a culture of trust and tolerance, in which people place a relatively high value on individual freedom and self-expression, and have activist political orientations. These are precisely the attributes that the literature on political culture defines as crucial to democracy.<sup>2</sup>*

These are the reasons for the initiation of the wide-range survey amongst Estonian public servants, which is reported here. In identifying key problems for the survey there were two main aims: first, to find out whether Estonian public service espouse same values as public services of other democratic countries or whether current ethical problems arose from a particular historical background, the short existence of the public service, high mobility of public servants and complications

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<sup>2</sup> See [http://www.worldvaluessurvey.org/organization/main\\_illustrations.asp](http://www.worldvaluessurvey.org/organization/main_illustrations.asp)



with the public service law. The second aim was to compare values and attitudes in different groups of organisations and public servants.

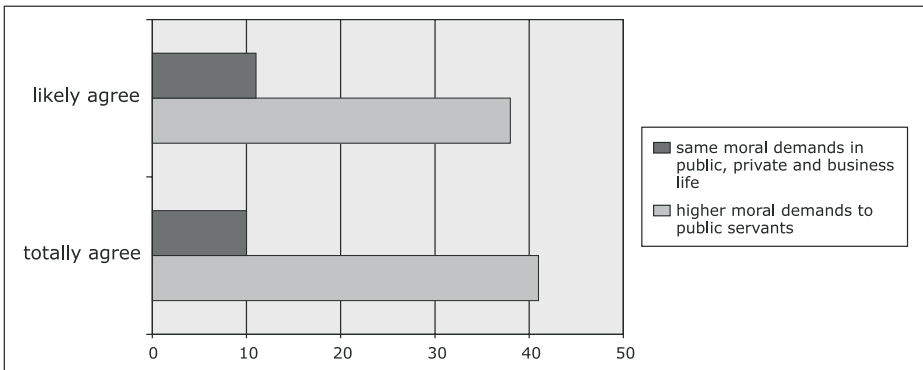
The survey was initiated by the State Chancellery and conducted by the Estonian Institute of Humanities at Tallinn University.<sup>3</sup> The survey includes 960 civil servants in all levels, that is approximately 3.3 % of all civil servants. Work on survey started in June 2005 and the final report was completed in March 2006 (Lagerspetz et al 2006). Below I concentrate on the questions of values within public service organisations since this seems to have most practical value for the future planning of policies and actions in this field.

## Values in Estonian PS

One characteristic of Estonian PS is mobility between private and public sectors. During the last years there have been no big changes in the length of service, since 36 per cent of public servants at central governmental level and 31 per cent at local level have been in service less than 5 years. In county government the number of public servants whose tenure is longer than 10 years is the biggest – 66.1%. (Riigikantselei 2005, 58 – 59).

The survey shows that 79 per cent of public servants agree or strongly agree with the statement that there should be higher moral expectations of the public service than in private or business life. It gives a good reason to believe that a public service as a professional body with its own values and ethical norms has come into being. Being a public servant is not only a job; it is also perceived as a comprehensive role that depends on an ideology or vocation of public service (Lagerspetz *et al.*, 5).

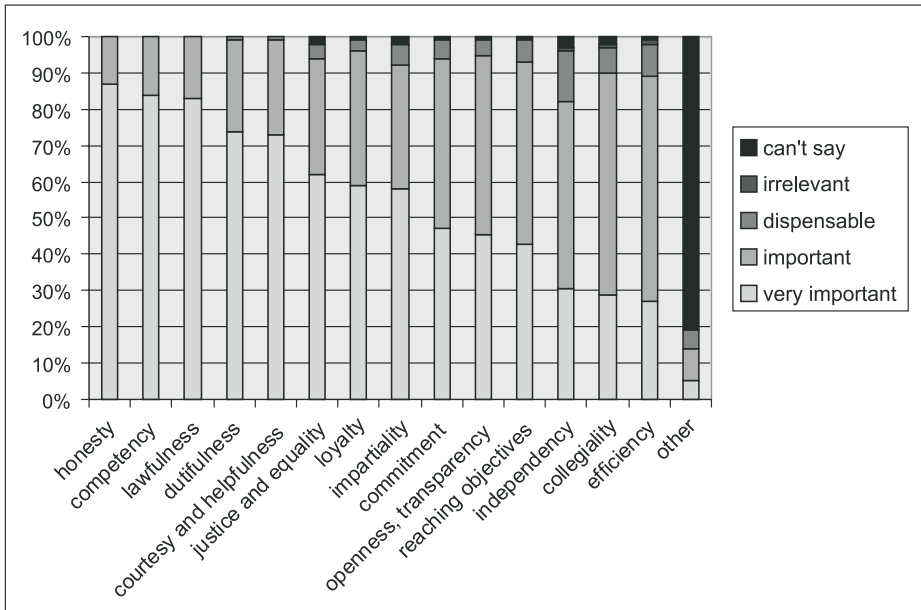
**Figure 1**  
Moral demands in public, private and business sector



<sup>3</sup> Empirical data were collected by the research company Faktum.

The questionnaire also investigated common understanding of important values in the Estonian public service, based on a list of widely-recognised values in the public service of democratic countries that are also mentioned in Estonian PS Code of Ethics.

**Figure 2**  
Values in PS



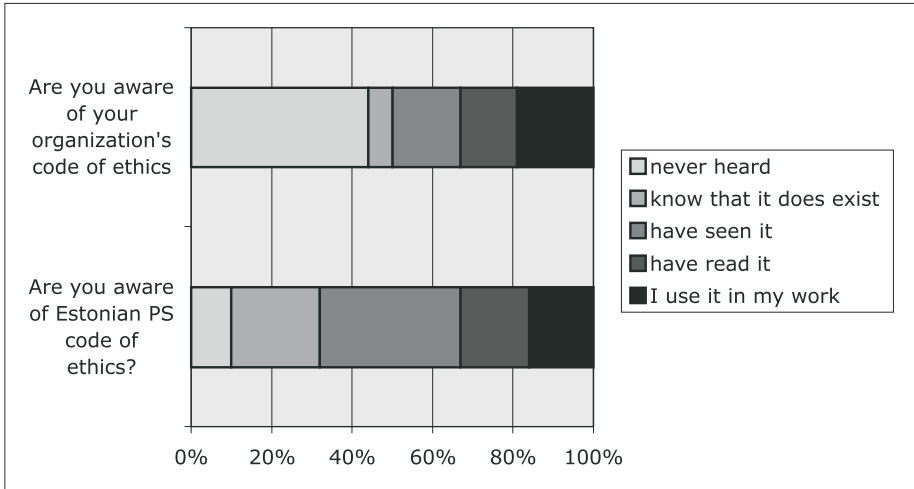
As we can see, the values espoused in PS are the same as commonly recognised by international organisations (EU 2004, OECD 2000). Other values account for a relatively small share (important and very important = 14 per cent). are less valued.

The survey revealed another interesting tendency in value-orientation: that the most important values are competency, honesty and lawfulness. In literature these values are defined as old, traditional values, related to a ‘Weberian’ model of organisation. Reaching objectives, independency and efficiency, which are indicative of a new, modern understanding of public administration, (or New Public Management, see Bossaert, Demmke, 2005, 54; Samier, 78) are valued less.. Here we can see that, although the law describes the Estonian public service as open, position-based system, actual public service values are more characteristic of a traditional career-system.

However, the report observes that discussing public service ethics was still seen as something of a novelty, so that many problems were not interpreted as ethi-

cal issues, but rather as a consequence of ethical uncertainty in the society in general and the specificity of public sector activity (Lagerspetz *et al*, 5). Ethics were not much discussed by public servants while the code of ethics was not well known.

**Figure 3**  
Awareness of codes of ethics



Awareness and use of PS code are higher among top-managers and higher officials, and declines as we move down to lower positions in the organisation. In the group of public employees the percentage of users is zero. There are no major differences in use of the code between different groups of organisations, fluctuating between 13% (constitutional institutions) and 18% (county governments) in the case of the public service code and 14% (ministries) and 25% (other governmental institutions) in the case of the organisational code of ethics. We can conclude that even though Estonian public servants carry proper values, they do not do so consciously, by using codes of ethics as basic documents for resolving ethical problems.

## Values in organisations

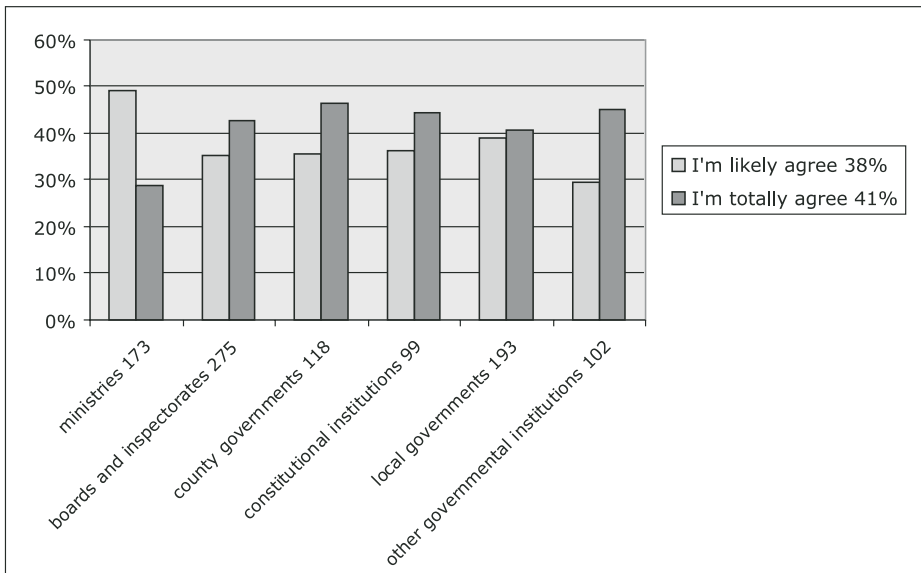
The Estonian public service is highly decentralised, so that individual organisations and their departments have special importance.

*As departments define their own standards and ways of operating, concerns have been raised that system of “professional socialisation” – that is, the inculcation of public service values – are breaking down. This is exacerbated by increased recruitment from the private sector, often to management or leadership positions. As a result, the traditional coherent public service culture or ethos may be disappearing (OECD 1996, 21).*

In shaping organisational culture and to enforce ethical values and best practices in PS, human resources management (HRM) departments plays an important role. They are also important because of the lack of other structures in Estonia that could deal with ethical issues. One of the hypotheses is that organisations with better HRM work are implementing important values better. To evaluate the work of HRM departments in organisations, we used the results of the recent survey of Estonian human resources management (Riigikantselei 2006). One of the questions was what types of Estonian public servant are more aware of ethical problems and are more ready to deal with these kinds of issues.

Evaluation of the HRM survey assessed three important aspects: administrative order of HRM (at both strategic and everyday level), role of HRM in organisation and cooperation (*ibid*, 13). According to that, organisations can be divided into three groups. In ministries and constitutional institutions contentment with processes is relatively high. There exists good cooperation between top managers and HR staff, they participate in developing the strategic goals of the organisation, organisations have HRM strategy, we can talk about strategic HRM, etc. To the second group belong boards and inspectorates and other governmental institutions. Here the level of the HRM work varies greatly. HRM personnel fulfil different roles and there are efforts to reduce *ad hoc* cases. The third group is local and county governments, where human resource management is not a systematic activity. In the half of county governments there is no HR staff, while staff are not involved in the decision-making process (*ibid* 76 – 77).

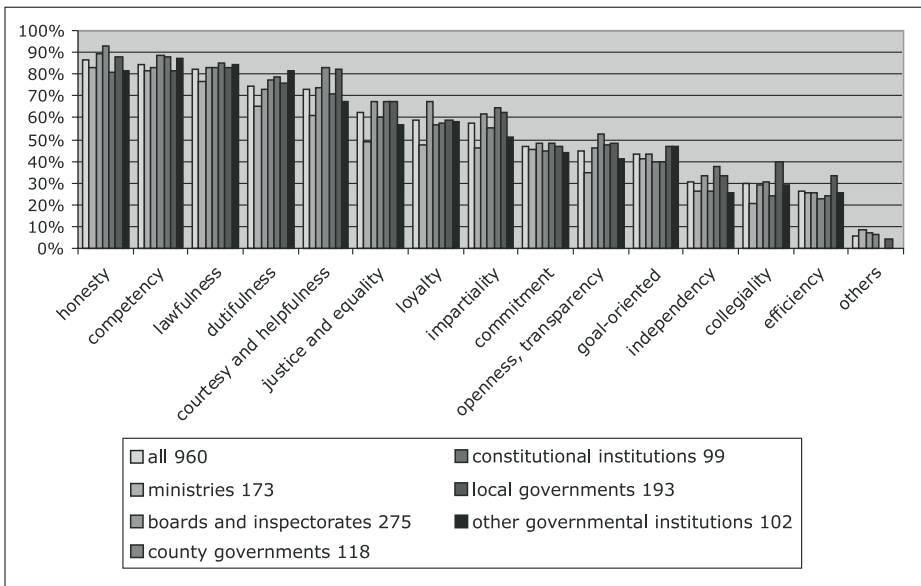
**Figure 4**  
Higher moral demands to public servants (organisations)



This figure shows that in almost all organisations there is a prevalent view that ethical demands in the public sector are higher than in other fields. The exception is at ministerial level, where 49 per cent agreed, and only 29 per cent strongly agreed, with that statement. The highest level of agreement with the statement about higher ethical demands was found in in governmental institutions with police functions, reflecting no doubt the constant work recently to raise awareness of values and ethics in police work.

The next figure shows how ethical values are commonly held in different organisations. It indicates only the answers ‘very important’ to the question ‘what values are important in PS according to your opinion?’ It is assumed that respondents marked as ‘very important’ the values that are more strongly held and in the case of others the recognition of their importance is commonly accepted but does not indicate strong belief.

**Figure 5**  
Values in PS organisations

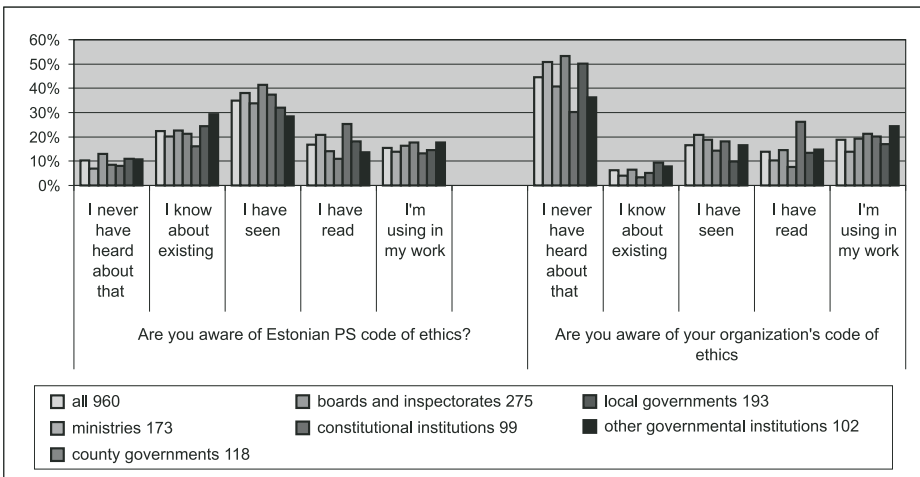


The figure reveals that all listed values are held less at ministerial than at other levels. The biggest differences were in justice and equality (average 62%, the smallest in ministerial level 49% and the biggest in constitutional institutions 68%), in courtesy and helpfulness (73%, 61% and 83% in county governments) and in impartiality (58%, 46% and 65% in constitutional institutions). The smallest differences were in efficiency, goal-orientation and commitment. As we can see, less held in ministe-

rial level are values that are in literature named as ‘old values’ and in the same level with other institutions are ‘new values’.

Hierarchical values, common to the Weberian model are the weakest in ministries but at the same time values common to NPM are not correspondingly valued more highly. As we saw from the survey of HRM, work on human resources is best at ministerial level, leading to the conclusion that espousing values in the public service does not correlate strongly with the level of organisation of the work of HRM departments and that respect for values which are a distinctive feature of professionalism does not depend on the quality of HRM. On what, then, does it depend?

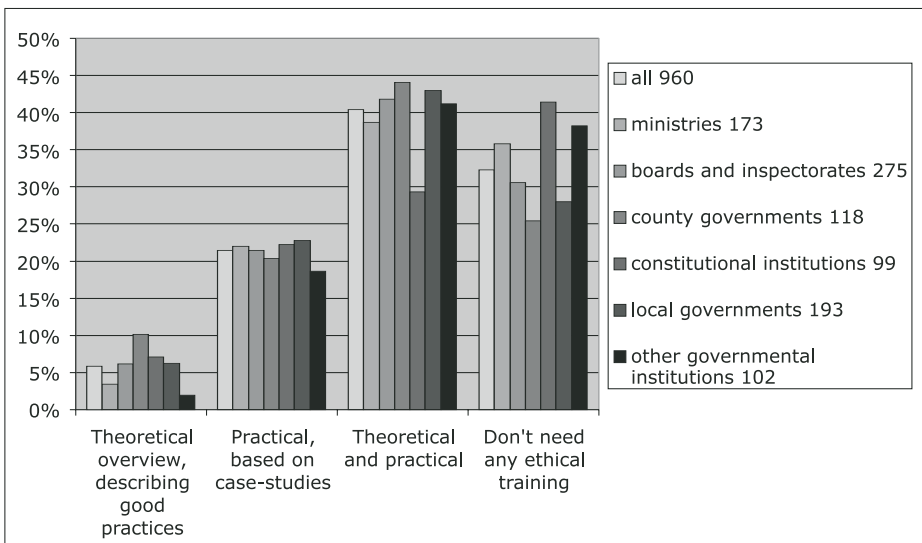
Figure 6



As we can see, awareness tends to be the same in all organisations. Most surprising may be the result that 10 per cent of public servants have never heard about the code of ethics, despite having signed the oath. One explanation might be that the 10 per cent in question were appointed before 1999, when the code was adopted. Other reason might be the overall low awareness and weak HRM work. In the group of top officials there was nobody who had not heard about the code. In this group the percentage of users of the code was also the highest (30%). Only 13% of top officials are using their organisational codes. The biggest group in this cluster are senior officials, from whom 21% are using organisational codes in their work. On one hand these results give hope that using codes is rising, because top managers are setting a good example. At the same time it reveals that the habit to turn to codes in the cases of conflicts of values is not very common and probably codes do not provide enough certainty for decisions about individual cases of ethical problems.

Low awareness of codes may point to the conclusion that public servants require training in ethics. The survey does not confirm this assumption. As we can see, despite the fact that county governments and local governments are recognising all listed ethical values to a large extent, their need for ethical training is also quite high. At the same time the need for ethical training is lowest in constitutional institutions (41%), in other governmental institutions (38%) and in ministries (36%). It seems hardest to explain the low need for ethical training in other governmental institutions because of above described reasons of good work in raising awareness of ethical questions.

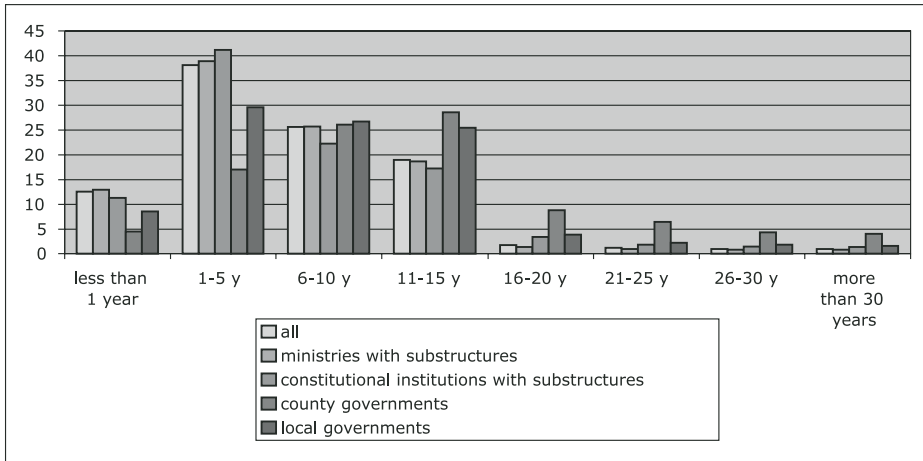
**Figure 7**  
Need for training in ethics



Public servants are relatively young in Estonia. In 2004 28% of public servants were younger than 30 years and 54% were younger than 40 years. There has also been quite large rotation between public and private sectors during the last years. The public sector is frequently seen as a “jumping-board” for entering private sector. In 2004 14% of public servants left their position, while 17 per cent were newly appointed (Riigikantselei 2005). Quite a big number of public servants in ministries (13%) and constitutional institutions (11.3%) have tenure in one organisation of less than one year (Riigikantselei 2005, 58 – 59), and these organisations can be characterised as organisations with less acceptance of PS values. There is a correlation of needs for training with values held when the lengths of service are compared. In county governments we can find the biggest number of public servants who have served in one organisation more than 10 years (52.4%) while county governments

also recognise the need for special training in ethics and also widely accept special public service values.

**Figure 8**  
Length of being in PS organisation



## Conclusion

Processes for managing the public service in Estonia have not had time to develop strong central coordination, so that they are left very much to particular organisations within the public sector. This has led, on the one hand, to good results in flexibly resolving urgent matters. On the other hand, there have been deficiencies in the creation of a common ethos, while ethics has not been a priority in the development of the public service. Even if the new public service law provides a common framework and code of ethics in its appendix, this does not ensure continuity in the processes concerned. There is resistance to common acceptance of ethical values, while our survey shows that, though important values in democratic countries are accepted, they are not seen as an integral part of public service in Estonia. Awareness of the code of ethics is quite low and the code is not used to create a professional body of public servants.

The survey of values and attitudes reveals that values are most recognised in county and local governments, which are usually seen as less developed organisations in Estonian administration. This suggests the conclusion that acceptance of professional ethical values may depend not so much on the level of development of HRM work in the organisation, as on length of service in the same organisation and in the public service generally. Longer tenure provides more time for recognising special demands on public servants and for creating a special organisational culture,



which younger public servants can adopt instead of having to invent new ones or copy from private business. Professional socialisation as a part of implementation of professional values has, therefore, a decisive role in building an infrastructure designed to promote ethical conduct in the public service.

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# Questions of Government Accountability for State Resources – the Hungarian Case

*Maria Bordas<sup>1</sup>*

## Introduction

One of the most topical issues in Hungary, a post-communist country in transition, is corruption where political parties in power use the state's resources for the personal enrichment of their leading members or for financing election campaigns. Public opinion also considers that governments have not been able to make state resources available for public benefits such as education, culture, public health, infrastructure, etc.. Before elections political parties promise a less costly state and reforms, but most of these promises are not kept..Instead, a larger and more expensive state bureaucracy, wasteful health care, education and social welfare are the result. The reason for the postponement of reforms is that political parties do not seek public benefits, but their own short-term political interests.

People, therefore, try to avoid paying taxes and social insurance contributions. Corruption cases are being uncovered in Hungary on a daily basis. These phenomena have already seriously undermined public trust in Hungary. Many are sceptical when they witness the decreasing quality of public services and the increasing enrichment of high-level government officials. Others, such as some civic organizations, worry about the loss of democratic and ethical values.

This paper seeks to understand if the applied Hungarian initiatives aimed at curtailing state corruption and promoting government accountability can meet the requirements of generally accepted European values in this field, and how successfully they can be applied in practice. Conclusions are also drawn as to whether the Hungarian results in eliminating state corruption can be quantified, and if so, in what way this can be done. The paper also examines tools to strengthen government accountability and eliminate state corruption.

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## 1. Forms of State Corruption in Hungary

State corruption in many instances supports firms with close links to political parties, sharing out public money so that they in turn finance the election campaign of the parties in power; less frequently, public money is transferred directly to the coffers of the political parties. The common feature of these instances of state corruption is that they do not necessarily violate laws, but, rather, moral rules. They are not tangible enough, and can rarely be proven. Furthermore, these forms of state corruption are so complex that the public find them difficult to understand. Beneficiaries of state corruption can afford to hire well-trained lawyers and finance experts who can skilfully argue on the boundaries between legality and illegality. This is often shown by the contradictory decisions between lower and appeal courts made in state corruption cases.

*State subsidy or preferential state credits are awarded to private firms owned by government officials' family members or friends*

The Vice President of the recent Parliament received a considerable state subsidy for his agricultural firm. When it was discovered, his party argued that the subsidy was open to anybody if they met the requirements laid down by law. The Vice President had to resign but kept his position in his party. This is an example of double standards that the same party attacked the former Prime Minister when he received a lesser state subsidy, also for his agricultural firm.

The president of a state-owned bank gave favourable credit to high-level politicians. The scandal broke when it turned out that the bank had made serious losses. The criminal case against the former president has been proceeding for eight years, but no single politician's responsibility has yet been determined.

It was a common practice at the beginning of the 1990s for high-level politicians to receive favourable credit deals so they could buy state-owned firms in privatization tenders. After the state-owned banks had been privatized, this financial source for the political elite came to an end..

In the above cases the beneficiaries did not violate any laws, but according to ethical rules, members of political parties in power and high-level politicians cannot receive state subsidy or contracts. This is in accordance with generally accepted political values.

*Public contracts are won by private firms having links to political parties in power, regardless of the quality of their tender*

Newspapers regularly write about the winners of public contracts. On the basis of these articles the conclusion can be drawn that those private firms close to the parties in power win tenders.. According to public opinion, these firms close to political parties have to share the benefit derived from state contracts with the political parties. When high-level government officials are asked about this, they cynically

answer that in awarding contracts they clearly will not choose firms close to opposition parties. There are also other factors in selecting applicants in public tenders, for example, to promote domestic or international firms, depending on the politics of the parties in power. It is widely believed that a firm can win public tender only if it bribes government officials.

A special form of corruption concerns the highway tender. One politician drew the public's attention to the fact that Hungarian highways are the most expensive in Europe, even though they are not built on difficult terrain. This somewhat questions the efficiency of public tendering. The truth is that the money disappears somewhere in the complicated structure of subcontractors. Many believe that this is the way for politicians to siphon off state money for their personal use. These suspicious public contracts have never been attacked in any other way than being published by the media. Only one example can be mentioned. A short time after the election in 2002, the Prime Minister pressurized the Chancellor to resign, because a state contract had been awarded to his attorney office. This attempt to establish an anti-corruption policy failed, because it was not possible to curb all the corruption. Otherwise the opposition parties would have seen it as evidence of corruption within the government, not as an effort to create transparent public administration.

*State property is privatized to private firms close to political parties in power, or government officials' relations, at a low price, even if the necessity for privatization cannot be justified*

Privatization has always been a hotbed of corruption in the Hungarian transitional economy. While it is relatively easy to establish procedural legal rules for privatization, it is almost impossible to give clear indications in legal regulations as to whether privatization is reasonable or not. This is because privatization is a political rather than a legal issue. The liberal viewpoint states that, because the state is a bad owner, all state property should be privatized. According to the right wing standpoint, important strategic property should be maintained in state ownership. If there was political agreement on this question, the constitution could give a guarantee that certain state-properties could not be privatized. In the absence of such an agreement, opposition parties attack privatizations saying they divert funds for personal gain or to finance political campaigns. This was the case in the privatization of the airport, the national educational publisher, some agricultural enterprises, traditional national porcelain factories, the energy sector, certain mines, etc.

Since the privatizations of the early 1990s, when the State Privatization Agency could privatize all state property without any limitations, more complex forms of corruption have developed. One of the Ministers of Health established an own non-profit company and tried to take over a state-owned health institution. In another case a mayor, who was a member of Parliament of the party in power established a small limited company which won the privatization tender offered to all health

institutions of the town. The Prime Minister had to cancel both of the privatization attempts due to the scandal that arose.

*A high level salary is paid by the way of contracts for jobs at ministries, even if the ministries have their own civil servants for these jobs. In most cases these jobs are not carried out*

This form of corruption is often found with legal and consulting firms close to political parties. It is not easy to decide in practice if outside consultants are needed or not. This is because there is a marked tendency to employ outside consultants rather than use civil servants. Many civil servant positions are created in government in order to give party members jobs with a high income.

*Public money is transferred to private entities so that it can be used for personal ends*

The State Privatization and Managing Share Holding Company hired a private lawyer to negotiate in a legal dispute between the company and local authorities. The lawyer received 10 per cent of the money she could save the company by bargaining. Hiring this lawyer could not be explained as the company had many in-house lawyers. One of the members of the opposition reported the case to parliament, and the prime minister promised to have the case investigated. It transpired in the criminal investigation that the party in power received most of the money from the lawyer. Nevertheless, only the lawyer was accused of cheating in the criminal trial. The courts on the first and the second level gave different verdicts but eight years later the lawyer was found not guilty. However the court set down in the sentence that the contract made between the Company and herself was immoral, injures the public perception of justice, and, consequently was invalid.

In another corruption case, uncovered in 2004, the vice president of a private bank provided high profits to high-level politicians, especially those from the party in power, by using their money for illegal transactions in securities. Some of the money used derived from state enterprises, as well. Only the former vice president and other bank employees have been charged in the criminal trial still underway. The recent government tried by all means to hide the fact that high-level politicians were involved in the scandal.

*Governmental tasks are contracted out to private firms, or non-profit organizations so that public money can be withdrawn from control by state supervising authorities*

The former government contracted out certain governmental tasks, such as communication with citizens, so that the financial support given from the state budget to these private firms could be hidden. These private firms in fact dealt with political campaigns using state financial sources, which is against the law. When the opposition sought to investigate these firms, they were rebuffed with the excuse that the cases involved business secrets that could not be made public in any way.

Foundations and associations close to political parties also receive subsidies from the state budget. To control these subsidies, financial regulations limit the amount of money to be set aside for subsidies from public authorities.

## **2. Means for Promoting Government Accountability in Hungary**

### **a. Transparency**

*The Law on Publication of Public Information* obliges public authorities to publish details of their economic activity, contracts, invitations to tenders, etc., in case citizens wish to know them. If the authority does not provide these details, any citizen can start a legal action against the authority. During the last 15 years there were no legal actions in this field. Citizens are probably not aware of their right to know such information. But even if they were, they would not think they would have any chance of success against the state authority in such an effort. Only members of the opposition tried to force ministers to give them information about their suspicious activities, so that they could raise questions in Parliament. In some cases ministers refused to co-operate claiming all relevant information had been published in their home page. In another case, the Chancellery fell back on the commercial secrecy required by the companies, and did not give the requested information.

*The Law on the Functioning and Funding of Political Parties* obliges political parties to publish their accounts annually, with respect to the contribution received from the state and other supporters. They are also required to give information about the names of the supporters. *The State Audit Office* is the only supervising authority that has the right to oversee legality in the functioning of political parties. If the State Audit Office finds any violation of laws, it has to start a legal action against the party. It is well known, that in spite of the limitations, parties receive a great amount of money from the state budget by violating the laws. It is evident, if one compares the parties' published income with their heavy expenditure in elections, though this fact has never been made public even in the media.

*The so called laws on 'glass pocket'* oblige high-level politicians and government officials to report their income and property annually. The laws do not prescribe any sanctions where the declaration by the member of parliament appears to be false; they only require a parliamentary committee to investigate the case. Parliamentary committees conduct investigations, but as mentioned earlier, they are not able to reach any decision in these matters. Instead, a lot of weak cases are brought before the courts. Court decisions on first and second levels are fairly contradictory, so in the end no one knows the truth. For this reason, no one expects the person under investigation to resign, who is anyway, in most cases, unwilling to do so. Moreover, they often use the defence that they are being attacked politically.

Members of the opposition or the newspapers of one of the political parties have tried to prove on the basis of these property reports that the former and the

recent prime ministers have in fact more property than they declared. Ad hoc parliamentary committees were established, and more legal actions were brought to shed light on the truth. Some of these cases have been concluded without any results, while others are still in progress. In some cases members of Parliament were asked by the opposition about their property declarations, but after they had given answers, the cases were closed. The law requires that high-level government officials should be fired if their property declaration is false. However the law does not say exactly by whom it should be checked, just that it should be in the office where they work. As opposed to the members of Parliament, there were no cases where the property declaration of a high-level government official was queried in any way.

***The Law on Lobbying Activities*** regulates in detail the registration and activities of lobbying individuals and companies. Lobbyists may have the chance to give a speech before the Parliamentary committee or in the government authority where the decision he or she wishes to influence is to be made, or to communicate with government officials in other ways. The lobbyist has to report their activities to the registration office that also publishes the information. ***In recent decisions on privatization, and developments such as roads, highways, underground railways, public buildings, etc., informal negotiations play a part, often with corruption, as well. The Law on Lobbying Activities has not come into force, yet, but in the near future could have an important role in transparency.***

***The Conclusion*** can be reached that laws regulate transparency in accordance with European requirements, but in practical terms it has not been adequately emphasized. People still do not believe the efficacy of such transparency, and are convinced that most politicians and high-level government officials are corrupt, regardless of their political allegiances. Consequently, transparency does not mean a tool to fight corruption for them, but opens up a great amount of corruption cases to the public. This makes the people sceptical. It is true that in most cases it is the media belonging to a party, or the members of the opposition that initiate investigations or reveal corruption in order to attack the other parties politically. For this reason, the appearance is that transparency is just part of political infighting.

### **(b) Legal Regulations to Assure Guarantees of Legality**

Procedural rules can serve to curtail corruption when state resources are shared with private firms, e.g. privatization, public-private partnership, state contracts, public tenders, etc. The generally accepted ways to achieve impartiality in these procedures are as follows:

- Decision on the tenders should be open to the public.
- The committee entrusted with selection should be independent of the government, both in its organization and members.
- The applicant who offers the the lowest price and the highest quality should win.



- The tender should be as detailed as possible, so that the selection can be made on objective considerations.
- There should be a right to question the decision in a legal way.

**The Law on Public Tendering** sets out the procedural rules for state contracts in great detail, and the decisions can be questioned before the court. **The Law on Concession** sets out procedural rules for privatizing certain public services, but decisions on concessions cannot be appealed in any way.

**The Law on Privatization** sets out procedural rules for selling state property in order to protect against unreasonable privatization. The State Privatization and Property Managing Share Holding Company is directed and owned by the government. Although the State Audit Office has the right to supervise the company, it cannot judge if privatization is economically reasonable or not. Parliament may ask for a report about a privatization, but will not rule against it, due to the majority of the political parties in power. Procedural rules in this field have developed greatly since the beginning of the early 1990s, when the State Property Agency, under government direction, could privatize state property without any outside control. Nevertheless, privatization is still always surrounded by the suspicion of corruption.

When a highways tender was invited in 2002, the Minister of the Economy was accused of corruption. To prove this charge, a report was prepared for the Prime Minister, who was convinced of corruption and stated so in the media. The liberal party that had nominated the Minister protested against the accusation. Although the media published the main details of the tender, the truth never came to light. As privatization tenders were so complex it was impossible to see clearly if the best offer had in fact been chosen.

### (c) Supervising Authorities for Monitoring Economic Activity of State Authorities

**Ad hoc parliamentary committees** are often established to investigate cases of state corruptions. These investigations only rarely draw any conclusions or uncover facts, because they have less expertise than the judiciary in hunting out the truth. Political infighting between members of the committees does not help in reaching decisions, either. Members of political parties vote on the basis of their political allegiances in the committees, so the majority of one of the political sides will determine decisions. Sometimes parliamentary committees investigating corruption cannot even operate, when the members cannot agree on the agenda, or the minority, protesting at being attacked by the other side, leaves the meeting.

Supervisory authorities and other investigating offices could play an important role in curtailing state corruption, provided they operate without a political standpoint. The **Government Supervisory Authority**, as an office directed by the government, reports directly to the Minister of the Chancellery. Their reports are generally not open to the public, unless journalists can manage to pick up leaks.

The *State Audit Office* is accountable only to Parliament and supervises the state budget. Its report should be published. Both of these authorities reported in the recent past that some ministries spent a huge amount of money to draw up reform plans, establish offices with staff, and purchase equipment, but the ministries could not provide any written documents about such reform plans. Opposition newspapers wrote about this, but the government did not seem to care. Other corruption cases in central government authorities were not mentioned in the reports of these two authorities.

Other supervisory authorities, such as the special *National Corruption Criminal Investigation Office*, the *Public Prosecution*, and the *competition and banking supervisory offices*, etc., are often accused of partiality. In reality if the Prime Minister appoints the head of a supervisory authority, he will surely be biased in making his decisions. Only the Attorney General is elected by parliament from the aforementioned positions, although on the recommendation of the President of the Republic. The Attorney General was questioned every week by the recent members of the parties in power in Parliament, when the constitutional court finally stated that he could not be questioned on specific criminal actions. Behind of this legal conflict was the fact that the Attorney General was accused by the parties in power of being biased when he did not bring charges in supposed corruption cases against officials of the former government, or did not find guilty those close to the former Prime Minister who sold their companies with heavy unpaid taxes to the homeless.

The recent government established a position in the Chancellery, called “State Secretary of Public Money”, in order to uncover corruption cases in the former government. The State Secretary raised accusations against more former government officials, but the prosecution refused to bring charges.

When the greatest corruption scandal broke in 2004, it was thanks to the investigation by the banking supervisory office. High-level politicians of the parties in power were involved in this case. The president of the office, who was appointed by the former Prime Minister, wanted to continue the investigation even after the case had been uncovered. After the government had realised that it was not possible to fire the president in any legal way, parties in power passed a law that re-organized the structure of the banking supervisory office so that the position of the president itself could be legally terminated. Not by chance there was sharp infighting within the National Corruption Criminal Investigation Office and the Prosecution to determine their mandate in this corruption case. The Office directed by the government tried to suppress the fact that high-level politicians of the parties in power were involved in the scandal, but the prosecutors detained suspects in secret, questioned them, and put the case under the supervision of the public prosecutor. However, no single politician has been charged in the criminal case at the moment, just banking officials and entrepreneurs. When the Attorney General, who is suspected of holding right-wing sympathies, began to investigate the present Prime Minister’s

corruption cases, the left-wing media accused him of trying to influence the 2006 elections through the investigations.

**The Conclusion** can be reached that supervising authorities are rarely unbiased in their investigations. There are cases when the chief official is accused of being influenced by political views, even if he has been elected by Parliament. When the Prime Minister appoints the chief official, partiality is even more tangible. According to public opinion, these investigations do not serve to apportion blame, but to gain political advantage against political opponents.

#### **(d) The Role of Civil Society**

The media plays a most important role in uncovering state corruption, and as a consequence, journalists are often attacked by the parties in power, by way of legal actions against them, or having them investigated by the Tax Office. Journalists have asked international organizations to state clearly that is against freedom of speech to sentence journalists because of slender evidence in criminal cases.

However, there are a great number of civil law proceedings against journalists, and other people, too, who have uncovered instances of corruption. In civil trials penalties entail only payment of compensation; those found guilty cannot be sent to prison. However, it is not easy for the courts to find out if corruption allegations were true or not, because civil courts can decide only on the basis of the evidences that the parties bring before them in the trials. This does not make it easy to hunt out the truth.

Civil initiatives, such as street demonstrations or civic organizations, can pressurize government to be more accountable to the public, but there is little tradition for this in the post-communist countries, where people have not learned, how they can pressurize government to achieve certain public goals. Most frequently, demonstrations can be seen in front of the house of people whose corruption cases have been dismissed.

Government accountability has been prescribed by more laws, but people have not become aware that in a democratic state they can have influence on social changes by electing political and government leaders, who should be accountable to their electors when implementing important reforms and using state resources for public goals. The role of civil society is especially important, when there appears to be an agreement between political parties not to damage each other seriously by revealing each other's instances of corruption. If this is the case, neither anti-corruption legislation, nor supervisory authorities are capable of combating state corruption.

**The General Conclusion** can be drawn that, if corruption matters could ever be put on an objective basis, the public interests could increasingly win over corruption.

# First Steps in Implementation of Codes of Conduct for Local Government Officials in Serbia

*Jelena Jerinić<sup>1</sup>*

## 1. Background

The adoption of codes of conduct for local government officials and staff in Serbia has been initiated and encouraged by the Standing Conference of Towns and Municipalities (SCTM), the local government association<sup>2</sup>. Initiatives in the field of ethics and integrity at local level started in 2003 after Serbia and Montenegro entered into full membership of the Council of Europe, when the translation of the European model code of conduct for local and regional elected representatives of the Congress of Local and Regional Authorities of Europe (CLRAE) was dispatched to all local authorities with a recommendation for it to be considered and adopted by local assemblies. Since this initiative resulted in only four (out of 167) local authorities reacting and adopting the texts in local assemblies, it became clear that wider success could be expected only if the text of the code was adapted to the local environment and if proper ownership of the text by its addressees was achieved.

The SCTM started a wide campaign to raise awareness of the necessity for a set of ethical rules for the local level in the course of which model codes were drafted

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1 Advocacy Team Leader, Standing Conference of Towns and Municipalities, National Association of Local Authorities in Serbia, Belgrade, Serbia and Montenegro

2 The Standing Conference of Towns and Municipalities is a membership association, gathering all 167 towns and municipalities in Serbia. Like similar associations, SCTM's main activities include advocating for the interest of its members, mainly in terms of legislative and policy reforms, and advisory and training services in all areas of local government competences. For more information on SCTM, please visit <http://www.skgo.org>.

and finally adopted by the association's General Assembly in December 2004<sup>3</sup>. During the process, a cross-sector working group consisting of representatives of local authorities, central government ministries and international and expert organisations drafted a model code, mainly on the basis of the Council of Europe's recommendations. The model was then opened to wide consultations by partners of the SCTM and presented during a series of 30 public debates organised in regional centres and attended by local politicians, media and citizens. Collected comments were incorporated into the final text of the model presented to the SCTM general assembly for adoption. Two model codes were recommended for adoption to local assemblies – a model ethical code of conduct for local government officials and a model code of conduct for employees in administrations and public services in towns and municipalities.

This paper focuses on the first of the models – the ethical code of conduct for local government officials, including bearers of public offices, elected or appointed by local assemblies to those offices. These include: presidents, deputy presidents, councillors and secretaries of municipal assemblies; mayors/presidents of municipalities and their deputies; members of town/municipal boards; heads of municipal/town administrations, chief architects and other chief experts and other appointed persons in local government bodies; town/municipal legal representatives; managers of public enterprises, institutions and other organisations founded by towns/municipalities and members of managing boards and other persons appointed to these enterprises, institutions and organisations. The rest constitute the group usually called 'local government employees', since a proper framework for the status of civil servants on the local level is still lacking. For this group, a separate model code was drafted but it was not promoted in such an aggressive manner, mainly due the constraints of the legal framework.

The model ethical code of conduct for local government officials consists of a preamble and 29 articles. The 29 articles are separated into three main chapters – Object and Main Principles; Standards in Performance of Function; and Relations with the Public. After setting out basic principles and standards in the performance of their office<sup>4</sup>, the code gives practical guidance to officials from electoral cam-

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3 The activities were widely supported by a pool of donors including the European Commission, Open Society Institute and the Konrad Adenauer Foundation. The initial project was followed up by a separate project directed towards promotion of monitoring mechanisms to complement the adopted codes in 10 pilot municipalities, which is ongoing and supported by the Westminster Foundation for Democracy.

The SCTM General Assembly is the association's highest body consisting of representatives of all members, i.e. all towns and municipalities in Serbia.

4 Articles 2 – 9 of the Code.

paigned<sup>5</sup>, through their term in office<sup>6</sup> through to the end of their mandate<sup>7</sup>, with a separate section on relations with the public<sup>8</sup>. Most of the code's provisions coincide with the provisions of national legislation in force – e.g. law on financing political parties, law on prevention of conflict of interest, other anti-corruption legislation. However, it sometimes recommends stricter standards than the ones set down in the relevant legislation – e.g. it covers a wider range of officials, recommends that officials do not change political parties during their term in office, etc. Since the model code was launched, municipal and town assemblies have started to adopt their own codes. At the time of writing, 147 local authorities<sup>9</sup> (out of a total of 167) have adopted such codes of conduct.

The initiative described above seems to be unique in several respects – at least in the region of South East Europe.<sup>10</sup> Primarily, this refers to the promotion of the code and the campaign for its adoption in individual municipalities, and the results of this process. As far as the author knows, Serbia is the only country in the region where the same model code has been adopted by 90 per cent of local authorities. Similarly, Council of Europe documents on public ethics on the local level<sup>11</sup> recommend to Member States to draft model codes and promote them to local authorities. In Serbia, this promotion role has been fulfilled by the local government association.

Also, compared to other examples in the region and Europe-wide, the circle of addressees to whom the code applies is much wider in the Serbian codes. The codes usually cover local elected officials (councillors and/or mayors) – local politicians - or local civil servants. The Serbian code covers a much wider circle of persons with diverse positions and tasks within the local government system. However, it is yet

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5 Chapter 2 of the Code (Articles 10 – 11).

6 Chapters 3 – 5 of the Code (Articles 12 – 23)

7 Article 24 of the Code.

8 Title III of the Code.

9 The text was concluded on April 10, 2006.

Web-site of the Standing Conference of Towns and Municipalities (<http://www.skgo.org>) lists all 147 municipalities which adopted the code.

10 The author already addressed this issue in a paper presented at the 2005 Annual Conference of the European Group for Public Administration (EGPA), within the Study Group on Ethics and Integrity of Governance, in Bern, in September 2005. The paper “Development of codes of conduct for local government officials in Serbia: A beginner’s case” is available at the official website of the Conference (<http://www.egpa2005.com>). Other authors have analysed similar initiatives in the CEE region as well – see e.g. Kudrycka, Barbara, Combating conflict of interest in local governments in the CEE countries, Budapest: LGI/OSI, 2004 or Palidauskaite, Jolanta, “Codes of conduct for Public Servants in Eastern and Central European Countries: Comparative perspective”, paper presented at EGPA Annual Conference, Oeiras, 2003.

11 See: *Model initiatives package on public ethics at local level*, Steering Committee on Local and Regional Democracy, Council of Europe, 2004 – in particular, Recommendations 60 (1999) and 79 (1999) of the Congress of Local and Regional Authorities of Europe (CLRAE) on political integrity of local and regional elected representatives.

to be seen if this particular aspect is an advantage or a disadvantage for the adopted codes in view of their overall implementation, since the data available do not yet present enable such an evaluation.

As will be described later in this paper, most of the municipalities followed the model recommended by the SCTM, i.e. a great majority of them adopted codes in texts identical to the one recommended. Also, for most, the codes were adopted without clarification of further steps for their implementation. The Model code, in its final article<sup>12</sup> recommended local assemblies to establish bodies for monitoring the code's implementation and provide explanations on its content. However, it did not delve further into the structure and functioning of such bodies, but left it to be decided by municipalities themselves, according to the framework they already had and their local circumstance.

Nevertheless, some of the local assemblies – immediately upon adoption of the codes or after a period of time – realised the necessity of monitoring the implementation of the code and established some kind of a mechanism for these purposes. These, still isolated, examples inspired the SCTM to start a follow-up initiative in several pilot municipalities on the establishment of and support to monitoring boards.

In view of all mentioned above, the author found it interesting to look further into three main issues relating to processes briefly presented above – the adoption of the codes by local assemblies, their implementation, i.e. establishment and practice of monitoring mechanisms, and the perception of the codes and its implementation in local communities.

## **2. Basis for research**

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In order to look into the three groups of issues mentioned above, the author conducted a short empirical research project based on questionnaires designed for the purpose of this paper and dispatched to targeted people in selected municipalities.

One questionnaire was designed for secretaries of local assemblies and a second one for other local officials. It consisted of 13 questions relating mainly to the first two sets of issues – adoption of the codes and relevant monitoring mechanisms – but also related to the third one, i.e. perception of the code – primarily by office holders themselves. It was sent to 17 secretaries of local assemblies – two town and 15 municipal assemblies – on 16 February 2006 and by mid March answers were received from ten of them. For the purposes of this paper's conclusions, questions and answers are grouped according to the three issues identified and analysed in respective chapters on adoption (Chapter 3), implementation (Chapter 4) and perception of the codes in local settings (Chapter 5).

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12 Article 29 of the Code.

Since the total number of municipalities which adopted the code of conduct is now 147 and the number of those who fully responded to questionnaires is 10 (though supplemented by partial data from twenty other municipalities) it is certain that the sample is not representative in terms of the number of municipalities targeted.

However, in terms of their geographic position and political affiliation of mayors and local assembly majorities, it can be said that the sample is at least indicative of the current situation. Also, bearing in mind the diversity of individual municipalities, the uniformity of answers suggests that there is space for some basic conclusions to be drawn.

Other sources used as a basis for analysis include materials received from individual municipalities – information on adoption of certain laws by relevant local government bodies, texts of laws adopted – in particular, texts of the codes and laws on establishment of code monitoring bodies, minutes from conferences and meetings etc.<sup>13</sup>, – as well as reports and surveys issued by other institutions and organisations – such as the Serbian Republican Board for Resolving Conflicts of Interest and Transparency.

### **3. The process of adoption**

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#### **Decisions of local assemblies**

The model code was approved by the SCTM General Assembly on 5 December 2004 and recommended for adoption by local assemblies. The first code was adopted less than a month later, on 23 December and the process is still on-going. The ten municipalities covered by questionnaires adopted their codes during the first three months of 2005. Overall, the time elapsed from adoption to date is, in most of the cases, less than one year.

In terms of their form all of the codes adopted in all 147 municipalities were adopted by local assemblies in the form of a decision (*odluka*). In the Serbian legal system, this is the most common decree of a general nature passed by local assemblies. This means that the legal situation introduced by a decision is permanent and can be amended or abolished only by way of a subsequent decision or an act of a higher legal entity – e.g. the municipal statute or a national law.

In most cases (seven out of ten) the text of the code was publicised though the official gazette – the usual channel for official publicising of decisions by state

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13 The author would like to thank her colleagues in the Standing Conference of Towns and Municipalities – in particular Ms. Marija Šošić and Mr. Dragan Vujčić – for their undivided support and assistance in distribution of questionnaires to municipalities and collection of other sources for this paper. In addition, the author particularly thanks the secretaries of local assemblies and other persons approached in municipalities for their time and effort in answering questionnaires and providing additional material.



authorities on all levels. In one case, the channels of publication were the municipal message board and the local media, and in two cases, answers to questionnaires stated that the code was not publicised at all, i.e. not even in the official gazette. As for the Internet, only two of those interviewed stated that the text of the code was available on the official web site of the municipality. A simple visit to Google provides a similar image – only a small number of municipalities used the Internet to communicate the adoption of the code to the general public, even though a majority of Serbian municipalities now have official web presentations.

In all of the ten interviewed municipalities, the proposal to adopt the code came from the mayor/president of the municipality – in one instance accompanied by presidents of all assembly caucuses, and in one by the municipal board<sup>14</sup>. This is easily explained by the fact that some of these mayors/presidents of municipalities actively participated in SCTM's activities relating to the drafting and promotion of the code – some of them, even as promoters of the Model code during public debate in regional centres across Serbia. In addition, the promotional campaign coincided with the electoral campaign for the 2004 local elections during which many of the candidates took over the Model code as part of their election programmes. Finally, in a majority of the cases, mayors/presidents of municipalities sit as representatives of towns and municipalities in SCTM General Assembly which recommended the model code. Secretaries of the assemblies were also asked to outline the main features of debate on the text of the code – i.e. was there any debate on the text, how many councillors participated in the debate and to summarise the flow of the debate. In most cases five to eleven councillors took part in the debate<sup>15</sup>, but most of them supported the idea of the code and the proposed text, i.e. none of them expressed opposition to it. This can also be seen in answers to questions that followed on amendments to the proposed text and analysis of the texts finally adopted<sup>16</sup>.

Finally, when asked about the majority by which the texts were adopted in the assemblies, most of the secretaries stated that the text of the code was adopted unanimously. Only one of the ten interviewed was it found that there were 11 votes against the code and in a few cases one or two councillors abstained from voting.

### **Texts of codes adopted by local assemblies**

Secretaries were also asked to describe the amendments submitted on the proposed text of the code and their adoption or rebuttal by the assembly. In total, amend-

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14 According to the 2002 Law on local elections (Official Gazette of the Republic of Serbia, No. 33/2002) both mayors and councillors in municipal assemblies are directly elected. However, councillors are elected according to the proportional system which resulted in assembly majorities now consisting of very wide coalitions, in some places consisting of as many as seven or eight political parties. Often enough, the political affiliation of the mayor and the assembly majority differs.

15 Assemblies covered by the questionnaire have between 55 and 87 councillors.

16 See Section 3.2.

ments were submitted in four of the ten covered assemblies. In three cases, the amendments were adopted. However, in most of the cases, the amendments did not lead to any substantial changes of the proposed text, except in one when it led to a provision establishing a body for code-monitoring purposes. The interviewees were also asked to compare the adopted text to the one recommended by the SCTM. In only two cases, they reported slight differences between the texts. In addition to this, the author herself conducted a comparison of the texts adopted in all 147 towns and municipalities and the Model code.

The analysis showed that only 18 municipal assemblies adopted codes which differ from the recommended text. However, it also showed that only 13 of the texts contain substantial changes, while in others there are only changes in the preamble or “grammatical changes”, not changing the meaning and consequences of the proposed provisions.

Only two texts are completely different from the model recommended by SCTM and both from 2003, before SCTM started its activities on the promotion of the present model. One of them is actually a recommendation on rules of conduct for elected, appointed and employed persons in municipal bodies, while the other covers only elected representatives and is apparently a result of the SCTM’s prior effort to promote the CLRAE model<sup>17</sup>.

As mentioned above, the model states that the local assembly can – a possibility, not an obligation – establish a body to monitor the code’s implementation and provide explanations relating to its content and application to officials, citizens and the media. Five of the analysed texts contain additional provisions concerning code monitoring. Two of them just provide a general obligation on the part of the municipal assembly to establish a body to monitor the implementation of the code, while the two others contain more detailed provisions on the structure of the body, its mandate, procedure for determination of a breach of the code, types of measures, informing the public and reporting to the municipal assembly. Finally, the last in this group differs from the model and designates the president of the municipality – and not the municipal assembly as recommended – as the authority which can establish such a monitoring body.

Finally, a group of municipalities omitted parts of the recommended text relating to, either the possibility of establishing a monitoring body – in three of the texts – or officials’ obligation to sign a written statement acknowledging that they are familiar with the code and ready to abide by its rules. In two texts the written statement was completely omitted, while in two others the word “written” in front of “statement” was deleted.

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<sup>17</sup> See in Chapter 1.

## **4. The process of code implementation**

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### **Familiarisation with the code**

Since the code is envisaged as an act of self-regulation, the Model recommends that bearers of public office to whom the code applies should be familiar with the text of the code and provide written statements that they are prepared to act according to its provisions<sup>18</sup>.

As stated above, a few of the adopted codes actually omitted this provision, while others simply mention “a statement” without distinguishing its form. Truth be told, the second omission can be explained by the fact that it is hard to imagine possible forms in which statements can be given in general – other than a written one.

However, the answers to questionnaires on actual statements signed in the ten municipalities provide more reason for concern. In only three municipalities, the officials were asked to sign written statements. According to another answer the statements were signed only by the president and deputy president of the municipality, president and deputy president of the municipal assembly, secretary of the assembly and the head of municipal administration, while the councillors were “familiarised with the text of the code by way of it being sent to them”, without signing the statements. Other officials to whom the text applies were not mentioned. In the seven remaining municipalities officials were familiarised with the text of the code through it being presented during assembly debate or being publicised on the municipal message board or through the local media.

The SCTM received a model statement adopted from one of the municipalities which was a leader in code implementation through establishing the first monitoring body and forwarded it to other interested local governments. This municipality was the most thorough in listing the officials and acquiring the written statements (103 out of a total 119).

### **Establishment of monitoring mechanisms**

As shown above, a small number of municipalities introduced some kind of monitoring mechanisms in the initial draft of the code adopted. Others simply repeated the recommended provision opening the possibility for such a mechanism to be established later, while only a few left out the provisions from the final text adopted.

Among the second group of municipalities, a few of them later adopted separate decisions establishing such mechanisms – mostly working bodies of the municipal assemblies – and appointed their members. So far, the SCTM have been informed of the establishment of such bodies in six municipalities and that several others plan to do so in the near future. It needs to be noted here that the number of such municipalities may be higher than SCTM is aware.

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18 Article 27 of the Model.

The questionnaire also addressed the issue of established monitoring bodies, asking interviewees to state if a body was already established and to describe its structure and functioning. The answers confirmed that the process has only just started and that examples of established and functioning monitoring bodies are still few. Three of the ten targeted municipalities have established monitoring bodies, but only one of them has been constituted and actually has some experience<sup>19</sup>.

### **Status and structure of monitoring bodies**

So far, six local assemblies have established code monitoring bodies, as their ad hoc or permanent working bodies. These bodies were created as commissions (*Komisija*), boards (*Odbor*) or councils (*Savet*) for monitoring the implementation of the Ethical Code of Conduct. According to the Serbian basic law on local self-government<sup>20</sup>, local assemblies can establish permanent and ad hoc working bodies for discussing issue in their competence. The number of working bodies, their constitution and mandate is designated by town and municipal statutes or, in the case of town municipalities, by assembly rules of procedure. The central issue which arose in connection with the establishment of monitoring bodies is whether or not members of these bodies can be persons who are not councillors, i.e. ordinary citizens. The answer to this question lies in town and municipal statutes or assembly rules of procedure. Some of them explicitly state that members of assembly working bodies can only be councillors, others allow for citizen-members, but demand that they do not out-number councillors and that the chair of the body is a councillor, while some do not contain any obstacle for citizens to be even the sole members of the bodies.

The SCTM drafted a model decision on the establishment of councils for monitoring the implementation of the ethical code. Bearing in mind the different framework in municipalities, the model provided three alternatives to suit the combinations of membership conditions found in the local statutes. Out of the six working bodies analysed in this paper<sup>21</sup>, three were composed only of councillors, two only of citizens and one was mixed – three councillors and four citizens. In most cases, these bodies have five members, while in two cases they have eight (to represent all caucuses in the local assembly) and seven members.

When we look closer at the criteria according to which members of the councils were chosen, we see that in one of the municipalities they were simply appointed by their assembly caucuses, apparently without any prior criteria being set, while in others at least minimum criteria existed. In one of them, with a mixed composition, separate criteria were set for councillors and citizens. Councillors were not to hold any other office on the local or state level, while citizens could become members if

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19 See more below, in Section 4.5.

20 Official Gazette of the Republic of Serbia, No.9/2002, Article 34.

21 Municipalities of Arilje, Barajevo, Leskovac, Mladenovac, Pirot and Zrenjanin.

they did not hold any office at the local or state level, and office in a political party, trade union or business association. Both groups should not have been convicted of a felony or acted against the principles or rules of the code and were to be familiar with the code's contents and give adequate evidence for this.

In another municipality whose newly-established monitoring council consists only of citizens, candidates were asked to sign a written statement that they fulfil the conditions designated, which were the same as in the previous example. Both of the last two municipalities mentioned are part of the SCTM pilot program. Besides the conditions listed, the Model also recommended another – that the people nominated for membership enjoy unanimous reputation and respect in their community.

Another positive practice that is to be promoted is the process in which candidates were selected in the second municipality whose council consists of citizens solely. The president of the assembly drafted an initial list of distinguished people in the community and then conducted several rounds of consultations with all seven assembly caucuses, until the final five candidates were agreed.

The second important issue relating to the status of these bodies is the fact that, without a change of statute, in most municipalities they can only be established as ad hoc bodies, meaning that their mandate can only last until the end of the mandate of the local assembly itself. Since during the process of drafting of the Model decision of the SCTM most municipal representatives pointed out this fact, the Model also recommends that the bodies are established as ad hoc working groups of the municipal assemblies. Nevertheless, in one of the municipalities, the monitoring council was established as a permanent body of the local assembly. Apparently, this assembly's rules of procedure do not pose an obstacle for this.

Finally, it seems suitable to mention here that the Serbian Law on Local Self-Government envisaged the establishment of two councils as independent bodies. One of them, the council for interethnic relations<sup>22</sup> is mandatory for the so-called ethnically mixed municipalities, while the other one, the council for protection and advancement of local self-government<sup>23</sup> is facultative, and local assemblies can choose to establish them. In the case of the first of the councils, members are representatives of different ethnic groups while in the second case, they are elected among experts and citizens. The councils are, as said, independent, and report periodically to the local assembly. The first of them has a wide remit in relation to the position and protection of the rights of ethnic minorities.

### **Rules of procedure**

Most of the mentioned monitoring bodies are newly established. Most of them are still in the process of being set up and have not yet adopted their own rules of

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22 Article 63 of the Law on local self-government.

23 Article 127 of the Law on local self-government.

procedure or handled any cases. Besides the model decision on establishment of monitoring councils, the SCTM has also prepared a model rules of procedure for the newly established bodies.

One of the monitoring councils – in fact, the first one established – adopted its own rules of procedure in March 2005. The council acts upon written complaints by citizens or upon its own initiative. Anonymous, incomprehensible, ‘malicious and obviously not serious’ petitions are not to be investigated. Upon receipt of a complaint, the council invites the official in question to answer. The council can also use other sources of information to verify the facts of the case. It regularly informs the Assembly of its findings. It also provides explanations in relation to the code and its implementation in accordance to the text of the code or adopted positions of the council. The same council adopted and published a template complaint. The template requires the complainant to describe the event or circumstances of the case and all available data upon which the complaint is based. It also reminds the complainant to attach all available proof or documentation which might uphold the complaint. Finally, the complainant needs to identify the official to whom the complaint applies and his or her own identity and contact details. The complainant is also warned that they will be contacted in relation to the complaint, as well as that their identity may be made public and that the official to whom the complaint is directed will be informed of its content.

The SCTM model decision recommends that anonymous complaints be investigated as well and provides the council with a much more proactive role towards bearers of public office, besides investigations. For instance, the council has a role in the process of nomination of candidates for public office, it collects data from functionaries, different bodies and organisations, monitors and analysis data relating to code’s implementation on the territory of the local government in question, provides opinions on the content and application of the code and so on.

### **The first case**

Even though there have been reported instances of the code being called upon in assembly debates, during appointment procedures or in media appearances, so far, only one of the councils has handled an actual case of a breach of the code. The case was initiated on the council’s own initiative when a local councillor changed political parties during his term of office. The procedure was initiated on the council’s own initiative and the council called upon the code which recommends that officials avoid changing political parties during their mandate. The Council drafted the information and publicly announced it. This remains the only case of a breach of the code announced since codes were adopted.

Unfortunately, during the period covered by the first annual report of this council, no complaints have been submitted by citizens. The same council had two more public activities worth mentioning. The first concerned collection of written

statements by local officials. The council named all of the officials who did not sign the statements abiding by the code and included the list in the information submitted to the local assembly. Since the work of the council is public, the fact was also made know to the wider public. Also, the council, together with the municipal administration provided functionaries obliged by the law on prevention of conflict of interest to report their property to the Republican Committee for resolving conflicts of interest to do so through the municipality. More than half of the functionaries (65 out of 104) chose to do so and their reports were forwarded to the Republic committee in sealed envelopes.

### **Measures in case of breach of the code**

Unfortunately, other than reporting to the assembly or informing the public, the council whose rules procedure and initial practice were described above<sup>24</sup> does not identify measures that can be undertaken by the council when it determines that the code has been breached. The SCTM Model recommends three types of measures to be taken by monitoring councils, depending on the circumstances of the case and the severity of the breach and its consequences – a non-public warning, publication of the decision on the proven breach of the code and publication of the decision with a recommendation for dismissal or resignation of the official or other measures to be taken towards the official. Similar measures are determined by the Serbian law on prevention of conflict of interest – a non-public warning and publication of a recommendation for dismissal.

The debate for and against sanction-free ethical codes and codes of conduct has, it seems sometimes, been going on forever. However, in concrete circumstances, we are able to demonstrate that even ‘soft measures’ such as a warning, publication of a decision., can produce real results. This has been rightly stressed by the President of the Republic’s Committee for Resolving Conflicts of Interest<sup>25</sup>. According to him in 95 percent of the cases initiated by the committee, the officials in question fulfilled their obligations under the Law on Prevention of Conflicts of Interest – e.g. reporting their property – as soon as the procedure had been initiated. During its one-year experience, the committee has not had a chance to give a more severe penalty than a warning. In its annual report the committee considers that bearers of public office, in order to preserve the reputation of their office, choose to recognise the authority of the committee and to quickly comply with the provisions of the Law once warned. Finally, in their opinion the preventive aspect of the committee’s existence seems to makes the introduction of classical legal sanctions unnecessary

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24 See Sections 4.4 and 4.5

25 The Republic Committee was established by the law on prevention of conflict of interest (Official Gazette of the Republic of Serbia, 43/2004). The board was officially constituted on January 18, 2005 and has submitted its first annual report to the National Assembly for the period from its constitution until the end of 2005. For more information on the legal framework and activities of the committee (in Serbian and in English), see <http://www.sukobinteresa.sr.gov.yu>.

– e.g. pecuniary sanctions – in order to achieve the objectives of the law<sup>26</sup> Also, according to the president of the committee, the mere fact that a monitoring body – the Republican Committee – exists has been one of the main contributions to the law’s implementation. If some kind of a monitoring mechanism was not in place the law would remain on paper only<sup>27</sup>.

## **5. Perception of the code**

The research conducted for the purposes of this paper, as well as day-to-day work on promotion of the code of conduct in local governments, have demonstrated that it is extremely hard to measure the attitudes of bearers of public office towards the code and its importance. However, some of the details in relation to the process of code adoption presented here can also be interpreted as indicators of attitudes towards, and levels of understanding, of the code’s significance and content.

For instance, the fact that in most of the local governments targeted by the interviews the text of the code was not publicised in the media or on the Internet, but only in the official gazette – which is not read by most of the citizens – it can be seen that not enough significance has been paid to the promotion of the code to the wider public.

Another, again negative, indicator is the fact that, even though the text of the code obliges officials to do so, in most cases, they were not asked to sign a written statement acknowledging the code and declaring readiness to abide by its provisions. Bearing that in mind, it cannot be claimed that all officials covered by the code even know of the existence of the code. As said at the beginning, the code is supposed to apply to a very wide circle of persons, who do not necessarily follow the activities of the municipal assembly as regularly as its councillors or mayors – e.g. managers or members of managerial boards of municipal enterprises. Also, the fact that in some – although a small number of municipalities – local assemblies did not find it necessary to include a provision to establish any kind of separate monitoring mechanism in the text of the code, is certainly something which should not be commended.

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26 From the Annual Report of the Republic Committee for resolving conflict of interest.

27 Extracts from the address of Mr. Milovan Dedijer, President of the Republic Board for Resolving Conflict of Interest at the Conference “Code of Conduct for local government officials – a step towards implementation”, organized by the Standing Conference of Towns and Municipalities, on February 13, 2006 (published in SCTM newsletter “Lokalna samouprava”, No. 9/2006 – available in Serbian at <http://www.skgo.org>)



On the other hand, a survey recently presented by Transparency Serbia<sup>28</sup> showed that, even though most Serbian municipalities adopted codes of conduct, that fact, and the content of the codes, are not familiar to most of their citizens. To be more exact, 71.8% of citizens declared that they had not even heard that their local assembly had adopted such a document. Among those who had heard of the code of conduct, most do not know what its content are. Only 4.5 per cent of those surveyed had declared that they were familiar with the content of the code. In the course of its activities on the promotion of the code, the SCTM also undertook activities aimed at the general public. It published a leaflet with the text of the Model code in the national daily newspaper, *Politika*, and has provided each of the municipalities which adopted the codes with three framed posters with the texts of the code.

## 6. Conclusions

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From the research described above it is possible to draw certain conclusions relating to the process of adoption and the first steps in implementation of ethical codes of conduct in local governments in Serbia.

First of all, it seems that Serbia presents a unique example of the process of drafting and promotion of the model code which has, in just over a year been adopted in 90 per cent of its local governments. The fact that in most local authorities more or less the same text of the code has been adopted is commendable in the sense that in almost the whole country the same ethical standards apply to bearers of public office – at least on the local level.

The process of adoption of the codes in local assemblies also provides a very positive example of political consensus which, with the current electoral system at the local level, is not easy to accomplish in many local authorities.

On the other hand, the absence of any kind of confrontational debate on the text of the code or absence of substantial amendments to the recommended text of the code could be interpreted as a lack of serious examination of the codes during this process. Of course, it is possible that the fact that the model code passed several rounds of consultation and public debate actually resulted in a set of ethical standards acceptable to most local authorities in Serbia and that not much can be added or amended.

However, omission of certain provisions considered important for subsequent implementation of the code can also be interpreted as suggesting that codes are not being taken as seriously as expected. A positive aspect in the process of the adop-

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28 Results of the survey “Public interest, conflict of interest, free access to information and ethical code of conduct for local government officials” were presented on April 5, 2006. Results of the survey are available in Serbian at <http://www.transparentnost.org.yu>. The author would like to thank Mr. Nemanja Nenadić, Executive Director of Transparency Serbia for assistance in preparation of this paper.

tion of codes is certainly the fact that they were adopted in the form of a general deliberation, making it harder to abolish them in the case of change of political structure in a particular local authority. Abolition would require the same high level of political consensus which, bearing in mind the nature of the document, seems to be hard to achieve.

Another significant feature of the model code is the extremely wide circle of persons to whom it applies in comparison to other systems – primarily other CEE states which have passed such a code or are still in the period of transition. This is certainly commendable, in the sense that the same standards apply to all bearers of any kind of public office at the local level. However, during the short period of existence of codes in Serbian local governments, it is uncertain if all of these people have become familiar with the existence and content of the codes. This applies to all bearers of public office other than the highest local government officials – mayors, members of municipal boards or local councillors. In that sense, it might be wise to consider designing separate codes applying to different groups of “functionaries” – e.g. elected representatives (mayors, councillors), appointed functionaries, bearers of functions in municipal enterprises and institutions etc. The survey conducted seems to suggest that the present codes are usually perceived only as codes for mayors and councillors. In any case, since the code demands that all of these sign written statements abiding by the principles and provisions of the code, the obligation has to be fulfilled regardless of whether they are familiar with the code in another manner, as stated in some of the answers to the questionnaire.

One of the most important points this paper makes is that, in order for genuine implementation of the codes to be achieved, some kind of a monitoring mechanism needs to be established. The point has also been proven by the one-year experience of the Republican Board for Resolving of Conflicts of Interest. Furthermore, bearing in mind the sensitivity of the subject matter, it is clear that in order for these mechanisms to produce the desired results, they need to be endowed with genuine independence from the start. This relates to their status, structure and powers, as well as financing, which can often be a realistic obstacle or be presented as such. Ideally, a monitoring council or other body needs to be completely independent of any other body or individual at the local level – especially bearers of public office targeted by the code. This can be achieved by providing them with permanent status and their members should not be bearers of public functions themselves.

However, in most local authorities, some of these features cannot be accomplished until the present legal framework – including the basic national legislation – is amended. In that sense, it might be useful to consider an amendment of the Local Self-government Law to allow for the possibility of other independent councils, similar to the two already envisaged. Notwithstanding that, the municipal and town statutes should be amended to give proper independence to these bodies. Even before these changes occur, the features of the current framework need to be utilised

as much as possible to provide some kind of independence to bodies already established, or in the process of being established. The experience of the present, pioneer monitoring councils will certainly be of indispensable value to every future body. The SCTM continues to serve as an advisor and channel for the exchange of (positive) examples and best practices among municipalities, but most of the latter have not had the chance to handle concrete cases of alleged breaches of the code so far. The public pressure and the danger of damage to the reputation of the official will probably be enough, without punitive sanctions, to ensure observance of the code in the majority of cases.

This leads to the final point this paper aims to make – the necessity to raise awareness on the existence of the code, its contents and the possibilities offered by monitoring mechanisms. The last finding applies to all of the stakeholders involved – bearers of public office as addressees of the code, the media and citizens. Results of recent surveys show that the level of awareness is still extremely low. However, it is still early days and it would certainly be too ambitious to expect the results to be more impressive, after only a year or less of existence of the codes in the Serbian legal system,. It is apparent, though, that all of the groups listed need to be active in order for ethical standards to become deeply rooted in the legal system and society. Primarily, local authorities need to create mechanisms for monitoring the implementation of the codes in practice and to establish regular communication with the public at large.

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# Section IV

Foreign and Local  
Perspectives



## Introduction

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*David Coombes*<sup>1</sup>

It is impossible to appreciate any development in the public administration of formerly communist states in Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS), unless full account is made of the influence of foreign interests and ideas on local actions. No major reform or revision of state institutions anywhere in that region – normative, procedural or substantive – has occurred since the period of transition began without some consultation, however discreet, of those exterior to it, acting as private ‘experts’, or as official representatives of states or international organisations. It is probably safe to say that no private or public discussion of issues of public administration in the east would be considered complete, unless it tried to apply theories and concepts borrowed from discourse common in the advanced capitalist societies of the west. This would have been impossible under communist rule. Western views would then have been considered at best irrelevant, if not altogether subversive; they would have been known, and knowable, only by a privileged elite.

The transformation has occurred with the willing connivance of the foreigners themselves, and to some extent, for important reasons to be mentioned below, at their instigation. However, it is also very much a consequence of a voluntary, even zealous conversion by many of those engaged in public administration professionally in the states undergoing transformation. The imported values and the techniques may prove novel, and difficult to ingest, but they nevertheless represent an apparent universalism, which not only has proved itself fitter to survive than the previous ideology of ‘real socialism’, which has, just as universally, collapsed, but is also no less capable of offering a convincing messianic vision of betterment.

The conference papers revised and reproduced below in this part of the publication deal, from different perspectives, with different aspects of the problematic relationship between foreign and local perspectives of reform of public administration in the wider process of transition or transformation of states in the CEE/CIS region. As Laszlo Vass points out in his general introduction to this volume (chapter

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1), the Nispacee's 14<sup>th</sup> annual conference took a noticeable and even spontaneous turn, especially in discussions of its main theme, towards a critique of foreign influence on the process of re-building professionalism in public policy and the public service, especially by means of technical assistance.

The papers published below largely speak for themselves, without need for introduction. All the authors are led in one way or another to identify significant ambiguity and ambivalence on both sides, foreign and local, as well as in the relationship between them. The contributions suggest a rich vein for future analysis and discussion, one that NISPACEE has decided to explore by means of a new Panel at its next annual conference.<sup>2</sup> The content of the contributions already printed in previous parts of this volume and of the short analytical introductions demonstrate, however, that this theme must pervade many different aspects of the agenda whenever public administration in the CEE and CIS states is seriously discussed.

Two of the papers are, in effect, case studies: the first (**Ionita**) of the impact on the reform process in Romania of the foreign and domestic influences arising from Romania's decision to seek membership of the European Union; the second (**Sobis and De Vries**) of the policies and methods used by a particular development agency, the *Swedish International Development Cooperation Agency* (SIDA)<sup>3</sup>.

A third paper (**Miller and Dunn**) adopts a refreshingly critical approach to the neo-liberal doctrines that have overshadowed the whole approach to transitional reforms in a post-communist setting. While carrying huge risks for states new to freedom of trade and competition between privately-owned enterprises to satisfy consumers, the approach of 'New Public Management' (NPM) had already inspired many encouraging reforms in 'western' public-sector management, in pursuit of a smaller, more economical and smooth-running state, with greater de-centralisation of responsibility, increased flexibility, more humane methods, and more evident customer-friendliness. However, Miller and Dunn would seem to support the view that it has been wrong to assume that wholesale conversion to a new ideology to replace the old is necessary to obtain the benefits of the innovations introduced in 'western' administration towards a more manageable, and better managed, public sector. In fact, it should be perfectly possible to apply specifically-borrowed techniques from the larger range of tried or recommended options, *when the local conjuncture is appropriate*, without committing to a whole new philosophy.<sup>4</sup>

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2 Panel on 'Getting the Reform of Public Administration to Work'.

3 The original version of this paper included a discussion of sociological theory which has been expunged from the version printed here, as being unnecessary and unsuitable for the kind of practical discussion that most of us want to have.

4 This argument was made and elaborated initially by the contributors to Verheijen, Tony and Coombes, David eds. (1998) *Innovations in Public Management: perceptions from east and west Europe*. Cheltenham: Elgar, see especially pages 388 – 406, 418 – 26.

This particular contribution is also extremely valuable as reminding us that the administrative state of capitalist experience has undergone its own upheaval, and crisis of confidence in the past 20 years. In other words, if it is reasonable to consider the rejection of communist rule as almost revolutionary in motive and consequence, then the widespread conversion to NPM doctrines in the 'western' world of advanced capitalism should be no less regarded as revolutionary in the same way. It follows that neither side of the relationship of 'aid and cooperation' has been able to be sure of its ground, or to know exactly where they are heading in terms of institutional change, or to give any meaningful sense to a conception such as 'best practice'. It also makes it impossible for either donor states or recipients to claim with any sincerity that they are capable of operating in accordance with fixed and recognised 'benchmarks'.

This is not to deny that ideological pretensions may lie behind, and ultimately determine, the actual approach of national, European and international agencies in their mission of assisting post-communist countries. The last two presentations reproduced in this volume are by highly distinguished and experienced practitioners in the field of technical assistance to CEE/CIS states, both of whom admit to scepticism about the apparent altruism of the western assistance programmes that have multiplied and spread throughout the region since 1990. Drawing on extensive personal experience and knowledge of public administration as practice and theory, and with their very different styles and terminology, **Eriksen** and **Young** both, in effect, sound an alarm on behalf of the consultant in the field, whose assigned task is too often designed according to exaggerated expectations of what is achievable, ill-fitted to the consultant's actual qualifications and skills, and based on ulterior motives, in a way that can only bring confusion and disappointment to both donor and recipient. Indeed, what is worse: the consultant seems to be inadequately considered in turn by those who design and ultimately approve the programmes of financial and technical assistance, suggesting replication of the crucial policy/implementation gap at the heart of the transition process.

It is difficult to read these contributions, or the references to foreign influence scattered throughout this volume, and still consider CEE and the CIS states autonomous in the reform of their own public administration. Indeed, so little grounds exist for considering the transition a matter of autonomous action, that there would seem to be no foundation in fact for the orthodox theories of political science, which see an automatic process of 'democratisation' and liberalisation (the latter mostly in accordance with the NPM doctrine), or for those neo-liberal economists, who recommend a direct transition from rigid systems of state-trading under communism to open, competitive markets, in which free consumer choice and movement of capital must eventually restore sustainable full employment and regular growth in productive activity. If we take the CEE/CIS region as a whole, there seem to be only two alternative conditions which offer any hope of economic

viability, or genuine political independence, for the new states emerging from the collapse of communism.

The first of these conditions, applicable only to a limited part of the region as a whole, is the possibility of accession to membership of the European Union, with its inescapable consequence of political federation. The other, also limited by geography in another sense, is the capacity to exploit natural resources, especially hydrocarbons, and take advantage of an excess of global demand over supply, in order to assert independence of foreign influences, but at the expense of genuine economic and political freedom for more than a very restricted elite. Indeed, where this second condition could be said to apply (and it is probably true now of a major part of the former USSR), it does so only thanks to a re-installation of authoritarian methods of rule, and re-distribution of resources in favour of a small plutocracy. Such methods, of course, make a travesty of any theory of progressive transition. Paralysis or regression would be more accurate descriptions.

Elsewhere, as in the West Balkans, and some of the new states of the Caucasus and Central Asia, the only alternative to either economic destitution for the majority of the population, or a similar restitution of autocracy, is perpetuated dependence on the financial and political patronage of international actors, which amounts in effect to an admission of bankruptcy and cession of true sovereignty. Moreover, history shows us that the donors of such patronage are often all too willing to tolerate both despotism and venality on the part of their protégés.

In other words, *in reality there is no process of transition in CEE/CIS*, at least not in the sense of a smooth, clean, unbroken wave capable of taking me balanced, focussed and relaxed into the shallower water. Instead the sea is all broken up, patchy and unpredictable, so that inertia and frustration are just as likely as a sense of forward movement, with the possibility of nasty shocks from unexpected directions, and even being caught in a rip current and taken even further back out that I started from <sup>5</sup>. Even the European Union, for those eligible to belong to it, may not offer the promise of a smooth ride as it once did, given the failure of its member states to agree on a necessary constitutional settlement, and the new scepticism and obstruction coming from the new 'EU-8' themselves.

The best that can be said is that there are many different transitions occurring, certainly not just one. Mostly these seem headed for an unknown destination, there being no necessary reason for supposing that any might end up at the model of stable, liberal open society. This state of affairs is almost confirmed by the growing reliance of the transition pundits themselves on *ersatz* vocabulary replete with terms like 'governance', 'civil society', 'democratisation', even 'transition' itself, which are so ambiguous and vague that they have to be, when not occurring spontaneously out

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5 The uninitiated might care to learn that, in the lexicon of surfing, the kind of sea conditions described here are called generally 'slop', i.e. basically unsurfable and not worth the effort even to go out.



of sheer mental confusion, intended, if at all, only to fudge, even obliterate, any real benchmarks of what the state's role should be and how its relationship to the society should be constituted.

We can and should, nevertheless, take heart from the fact that a similar challenge has been confronted before with much better motivation, methodology and result, namely, the so-called Marshall Plan of western aid for a Europe drained and devastated in the 1940s by total war and by the failure of states in all territories occupied by the victorious allies in 1945. More especially is there a cause for hope, since we know the reasons for success of that previous endeavour, and can see also how the current one has blatantly (and inexplicably) ignored those very same reasons, and been led consequently so far into comparative failure. The project officially entitled 'Joint Recovery Programme for Europe', launched almost exactly 60 years ago, was so successful in fact that we have found it easy to forget the extremity of the economic and political situation for which it was targeted, one far worse than that prevailing in CEE and the CIS in the aftermath of the Cold War in the 1990s.<sup>6</sup> It is also more difficult to believe in the generosity, courage and vision shown by political leaderships in the earlier 'transition' when we have to live with the banality of those who rule in both the American and European Unions today.

To cut a long story short, the success of the general aid programme for postwar recovery in Western Europe is owed to three main conditions that were deliberately prescribed for participation in it:

- The recovery programme had to be formulated, and regularly up-dated, by the recipient states themselves; it was not prescribed by the donors (in that case primarily the USA).<sup>7</sup>
- The recipients were, however, obliged to do this by working through new structures for cooperation between themselves, mainly the Organisation for European Cooperation (OEEC) founded in 1948, which was in many ways the preliminary to even closer integration in the European Communities (now EU).
- Related to both these first two conditions, it was fully accepted and recognised that the state and the public sector would play crucial roles in economic development, both as major (if not preponderant) participants in economic activity themselves, but also by exercising overall management, even planning of their respective national economies. (Indeed, the famous French five-year Plan was one of its by-products and an essential instrument of economic recovery in France, directed by Jean Monnet, who had been deeply involved with the Americans in the preparation of the aid programme.)

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6 Secretary of State George Marshall gave his historic address unveiling the Plan at Harvard University on 5 June 1947.

7 This point is emphasised by Stephen Cohen: (2000) *Failed Crusade: America and the Tragedy of Post-Communist Russia* New York: Norton, page 220. It leads him to encourage American policy-makers to shift to a 'non-missionary' and 'non-dogmatic' approach to transition in future.

The contrast with aid to CEE and the former USSR in the 1990s could hardly be more stark:

- Like other kinds of development and cooperation the aid programmes for post-communist transition are designed essentially by the donors themselves, in accordance with a common policy established, and largely implemented, by means of international organisations in which the voice of the recipient states is very much in a minority.
- The process of 'transition' has been accompanied by a massive *disintegration* of political structures, and an almost inebriate predilection for national self-determination.
- The role of the state has been almost everywhere degraded and disabled, and the public sector dismantled, often by 'privatisations' and other asset transfers of dubious propriety.

Moreover, we should note that all the positive conditions of success in the case of the Marshall Plan depended on the contribution of an established, professional civil service at national level. (Even the international organisation, OEEC, operated by means of functional cooperation between national administrations.)<sup>8</sup>

One moral to draw from this contrast is – to end on a constructive note – to make us all the more conscious of the need, and the value, of an association like NISPACEE. In the first place, NISPACEE is clearly indigenous to the region to which the recipients of foreign technical assistance belong, in this case the states of CEE and the CIS. Unlike most other bodies engaged in the design of programmes for public administration reform, it cannot therefore be regarded as an instrument of the donors or of otherwise foreign interests. Secondly, although it is not an international organisation endowed with the authority delegated by sovereign states, it is nevertheless an essentially international network, through which different national participants can pursue voluntary cooperation and integration. Finally, as a network of institutes for public administration, it should be especially sensitive to the value of an active public sector, and capable of harnessing the skills of public servants.

The following contributions reveal a scale of problems for the implementation of public administration reforms that is challenging enough in its own right, before we even include challenges such as: the need for recipient states (including the EU-8) to make up for lost time in retrieving the initiative in reform in their own systems; the growing diversity, and even disunity, of political and economic change within the CEE/CIS; and the urgent need to cultivate a discourse of the public sphere that

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8 OEEC was in 1961 replaced, in effect, by the OECD (as soon as it became clear that the new European Economic Community of Six was a fully established entity with its own personality in international economic relations). Ironically, OECD's well-known SIGMA project which has been so prominent in guiding transitional reforms of public administration in CEE/CIS, seems to have ignored the guiding principles and practices of OEEC; probably the 'experts' who have delivered SIGMA's programme are not even aware of their organisation's far more illustrious origins.

replaces the soft language of 'governance' with a candid re-admission of the need for the state as a unique and overriding source of legal and political authority. In some ways, therefore, the contributions to this volume taken as a whole indicate that the work of NISPACEE may have only just begun or at least has plenty of justification to begin again.

# A Critical Theory of New Public Management

David Y. Miller and William N. Dunn<sup>1</sup>

## Introduction

A cacophony of voices now characterizes discussions of administrative reform in Central and Eastern Europe. Indeed, if we place present-day strategies of administrative reform head-to-head, they will form a nearly perfect circle that has no center or compass.

Part of the problem is that notions of administrative reform in the European Union seem to boil down to the dictum: *Transpose, harmonize, and implement regulations and directives of the Acquis Communautaire and you shall have achieved administrative reform.* We know, however, that this notion of administrative reform means as many things as there are countries in which the *Acquis* is approximated and harmonized. Moreover, the addition of qualifying recipes—for example, *be open* or *be transparent*—helps little to correct the confusion surrounding *Acquis*-based notions of administrative reform.

The authors of this paper, although we attempt to be coherent when we discuss the New Public Management (NPM), have been unwitting accomplices to this cacophony. When we began this paper, one of us was largely favorable to NPM, while the other was inclined to dismiss it. As we proceeded with our research and writing, we discovered that we could not proceed to resolve our own disagreements without an integrative framework that allowed us to ask the same questions of NPM proponents and critics. We also are reflective practitioners and recognize that, even if such a framework could be established, the utility of implementing many of its strategies would not necessarily be realized or perhaps even desirable.

This common framework is that of critical social theory as developed by the Frankfurt School, as chronicled by Martin Jay in *The Dialectical Imagination: A History of the Frankfurt School and the Institute of Social Research, 1923 – 1950* (1973),

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in the main works of Jurgen Habermas (1970, 1971, 1973, 1975, 1984, 1987, 1996), and by several American and European writers who have previously applied critical social theory to issues of public administration and policy (e.g., Denhardt 1981; Dunn and Fozouni, 1976; Fischer and Forester, 1993; Healey, 1993).

In the first section, we offer a broadly accepted definition of NPM, one that eliminates some of the cacophony. We also present an equivalent definition of European Public Management (EPM). We then argue, in section two, that critical social theory, which is one of the most generally applicable positive critiques of bureaucracy, the state, and public administration available, contains arguably universal principles which may be suitably applied to NPM. In the last section, we proceed from these broad principles to specific strategies that permit us to shape an action plan for a critical theory of NPM. The result is a move from broad principles to specific practices that constitute the hoped-for product of this paper—a critical theory of NPM.

## Defining NPM and EPM

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Let us start by offering a working definition of NPM. For purposes of this paper, the NPM is defined as a set of operating principles captured by Osborne and Gaebler in *Reinventing Government* (1991). Unfortunately, these operating principles were not necessarily generated and abstracted from well-defined theory, but as practical solutions to the operational problems confronting governments. In fact, they were generated as remedies for a broken system of government. Primarily governmental institutions were seen as undemocratic, unresponsive, inefficient, and failing in most other measures of what constitutes an effective organization. In addition, one of its remedies, the outsourcing of public services as a means to efficiency, has generated continuing debates that involve passionate proponents and critics alike. Indeed, this debate has clouded, as we will argue, the deeper theoretical roots of the new public management. These roots are based on rich and primarily European notions of the relationship of the individual to society.

Osborne and Gaebler (1991) identified ten principles that represent an operational definition of NPM. The first is that a government has a responsibility to “steer” the delivery of public services in the addressing of public issues. As such, it reflects a notion that government does not necessarily have to be doing something in order to be responsible for the delivery of that public service. The second principle is that government ought to be “community-owned” and that the role of government is to empower citizens and communities to exercise self-governance. This notion stands in contrast to the notion that citizens are merely recipients of public services and do not have to be actively engaged in the process of deciding what those services would look like. Indeed, the citizen simply needs to know they

were receiving the same service as that delivered to other citizens or recipients such that no preferential treatment is being shown.

A third principle involves the role of competition. Competition is seen as inherently good such that, through competition, the best ideas and most efficient delivery of services can emerge. Competition can drive the newly empowered citizens and recipients to create new and better ways of providing public goods to themselves and their fellow citizens. Sometimes competition means that various public and private firms were competing to procure the rights to deliver a public service. It also means that departments within a government have to compete for limited public resources, that communities have to compete with each other to offer fresh and original ideas, and employees have to compete with each other in the delivery of the services for which they are responsible.

A fourth principle is based on the notion that governments should be driven by their missions. Far too often, the results of governmental operations were the enforcement of rules that may or may not have been relevant to the particular cases. It should be the purposes for which agencies are created that drive the activities of that agency, not the rules that have been constructed around that agency. A companion principle is that public agencies should be judged on the results that they generate. Organizational processes like the budget cycle should be directed assessing the cost and benefits of the outputs of the units and not on the allocation of inputs (staff, space, resources) between those units.

The sixth principle relates to viewing citizens and consumers of public goods as customers. The notion of customer is predicated on the value of choice. Customers ought to have a right to choose between competing and differentiated approaches that could be taken to deliver any particular public good.

A seventh principle is based on the notion that agencies (bureaucracies) “earn” their allocation of resources by demonstrating the value in terms of the public good that will be generated by the “investment” that elected officials would make in a particular agency. This perspective has the units in an agency competing with each other by “selling” to the elected officials a greater public good than that offered by the other agencies.

The eighth principle relates to the desirability of orienting public agencies toward preventing rather than curing public problems. Although this particular principle has been seen as a critique of bureaucracy in general, it is not our intention to argue that anticipatory organizations are inherently related to NPM. We have included it here for completeness.

The ninth principle is about maximizing the participation of the broadest possible number of people and institutions in the decision-making process. In this sense, it is anti-hierarchy and anti-bureaucratic. It is also anti-uniformity in that the

way a particular public service is delivered is a function of the local community of participants who decide how that service will be delivered.

The tenth principle relates to leveraging market forces and utilizing market based strategies in the delivery of public goods. It presumes that there is no one way to deliver a public good and a wide variety of delivery mechanisms are possible.

These ten principles were translated into an implementation plan (Osborne and Plastrik, 2000) that has five key elements that are of particular importance to this paper. These elements constitute the “action plan” for a successful organization. The elements are:

- *Core*. Create clarity of aim (*core*) that allows the organization to focus on the key items that will achieve its ends.
- *Consequences*. Connect *consequences* to the actions of organizations, individuals, and collectives so that those actions have meaning and impact on the public.
- *Customer*. Focus on the *customer* in order to recognize that the purpose of public service is the delivery of a public good to human beings.
- *Control*. Shift *control* from the top or center in order to empower individuals, organizations and communities to address public problems.
- *Culture*. Change the organizational *culture* of public agencies by “changing the habits, touching the hearts, and winning the minds” of public employees.

The core element in this action plan is the focusing of the activities of a public organization on those that will best help to achieve the desired outcomes of that organization. The phrase “clarity of aim” is used to connote the efforts that that organization must go through to communicate to affected stakeholders, employees, and the public its vision, mission, strategic goals, outcomes, and relevance. The openness of communication and the transparency of the organization in serving its public purpose are essential to serve this end. The tools to accomplish this task include strategic management, performance budget systems, and policy analysis/program evaluation as feedback mechanisms. Using the lexicon of the new public management, the desired outcome is for elected officials to be “steering” the organization, not “rowing.” It also challenges the notion of a traditional hierarchical organizational chart where the pyramid places the managers at the top and the workers at the bottom. It turns that pyramid upside down and recognizes that the workers (the ones who actually deliver the public good) are the most important members of the organization and should, therefore, be at the top. The role of management is to support the new top of the organization.

The connecting of consequences to our actions seems overly obvious. But, on reflection, it is not necessarily the way governments and bureaucracies have operated. Individuals, bureaucracies, collectives, and communities that take actions should do so anticipating that there will be results (consequences) associated with

their actions. It is desirable that all actions taken have positive consequences and we would certainly want to pursue public policies that would generate a whole lot of positive consequences. If the actions of any of the above actors had no consequences, we would ask activities were undertaken in the first place. If there were negative consequences, we would ask those that generated those consequences to be held accountable for those consequences. Public activities can be assessed for the consequences they create and the actors either individually or collectively, should be acknowledged when they create and produce positive consequences and penalized with they create negative consequences.

As previously mentioned, the term “customer” is one that does not “roll off the tongue” easily when referencing public goods. Customers, after all, buy hamburgers and shoes, not affordable housing and public safety. Or do they? We acknowledge that being a customer implies several elements. The first is choice, to decide whether to engage with whom and if, at all. The second is equality of condition in the sense that the customer is neither superior nor subordinate to the individual, collective, community or bureaucracy. Knowledge, interest, power may be asymmetrical, but the fundamental right of the citizen-customer to participate is a choice of that customer.

Shifting control way the top and center has the affect of empowering organizations, employees and communities to engage in the deciding of the things that governments do and the outcomes that they achieve. The act of empowering requires participation of all parties and open and free communications to allow for the various parties to do that which they are called upon to do. Empowering organizations allows the parts of that organization that are best able to implement desired organizational outcomes to do so. Empowering employees allows front-line governmental workers to use organizational resources to achieve results. Empowering communities creates power-sharing between the government and affected communities and shifts control from bureaucracies to those communities.

The culture strategy is about creating a bonded relationship between the bureaucracy’s employees and the agency. The desire is to create a feeling within the organization that its employee’s higher order psychological needs for self-actualization can be met as the employee engages in the activities of the agency as an active participant in the designing and implementing of the good consequences that should be the outputs of any public agency. This requires the organization to “touch the hearts” and “win the minds” of its employees.

Let us contrast these operating principles with an equivalent set from Europe (OECD, 1999; Rutgers and Schreurs, 2000). The European notion of public administration (EPM) has four key elements. Because the design of national public sectors is left to each state to define, principles that capture all of the European union and accession states must be broad, a situation not unlike that of states in the US. That said, the first principle is that of reliability and predictability that serves to elimi-



nate arbitrariness in the delivery of public services. Operationalized, this principle means governments operate within rules of law, with legal competency, exercise appropriate administrative discretion and procedural fairness, organize to ensure proportionality, and commit to professionalism and professional integrity.

A second principle relates to openness and transparency such that the organization's activities can be open and available for scrutiny and supervision. This openness is not a participatory objective, but rather, a command and control function such that the organization can be observed. The third principle is that of accountability defined as "answerable for its actions to other administrative, legislative, or judicial authorities" (Rutgers and Schreurs, 2000; 624). The fourth principle relates to the outputs of public administration. These outputs should be efficient (the ratio of costs to benefits) and effective (achieve the goals set forth by law and government).

A cursory review of these principles reveals a stark absence of the participatory and empowering principles in the new public management. Perhaps one explanation rests with the discomfort European scholars have with the notion of utility maximizing, self-interested actors presumed in NPM. Indeed, those actors are often characterized as merely "governed by price and incentive" (Olsen, 2004). Citing John Gaus, Olsen continues:

*Citizens need help. Direct participation by the people in administrative processes contributes to government for the people but only under some conditions.....They need institutions and agents that act reliably and with competence and integrity on the basis of agreed-upon, publicly known and fairly stable principles and rules, standards and objectives.*

We do not want to oversimplify European research on these matters. Now, as in the past, there is a rich body of literature on participation that is culturally and intellectually differentiated, with diverse variants of administrative theory and practice including worker and citizen participation in Germany and the Netherlands, workers' control in Sweden and the former Yugoslavia, sophisticated studies of bureaucratic organization broadly accepted in the United States (e.g., Michel Crozier), and probing and influential critiques of bureaucracy (e.g., Bruno Rizzi). Finally, Weber, in his later writings was ambivalent about legal-rational bureaucracy; he is also an originator of the hermeneutic-interpretive tradition, at least insofar as the process of *verstehen* (interpretive understanding) is concerned. Weber also wrote about many forms of bureaucracy, not one, so that the notion of a single, uncritical "Weberian" perspective of bureaucracy is an oversimplification.

## **The Foundations of Critical Theory**

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Given this richness, let us try to place NPM within the tradition of European social, political, and administrative theory. As previously mentioned, fertile exploratory ground exists within the framework of the “critical theory” of the Frankfurt School, particularly the ideas of Max Horkheimer, Theodore Adorno, Jurgen Habermas, and their followers in Europe, America, and the world. We are aware of the many critiques of critical theory, but given the constraints of this paper, we will not address these critiques unless they are clearly important to our aims.

Placing NPM within the European tradition of critical social theory has the potential to provide NPM with a philosophical and ethical foundation that clarifies and critiques its status as an ostensibly general solution to problems of administrative reform. This permits a systematic critical assessment of NPM’s strengths, weaknesses, and possibilities within the tradition of European public administration. We believe that much of this European tradition, like much of its American counterpart, continues to represent a highly developed form of instrumental rationality and bureaucratic government. Although NPM has no explicit philosophical, ethical, or empirical foundation, such a foundation may be established by learning from critical social theory and the problems it was designed to address.

Critical theory was centrally concerned with the same problem as NPM—namely, *the problem of bureaucracy and the bureaucratization of state and society*. The originator of the tradition of discourse and writing on bureaucracy, Max Weber, argued that bureaucracy was the perfect embodiment of instrumental rationality. In Weber’s words:

*The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization....Precision, speed, unambiguity, knowledge of files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs—these are raised to the optimum point.... (Weber 1926, in Gerth and Mills, 1946, p. 214).*

Thus described, bureaucracy is the main point of departure for Habermas in many of his works. In *Toward a Rational Society* (1970), he presents a frontal attack on bureaucracy in his critique of the domination of public life by instrumental rationality. Although instrumental rationality has achieved its most developed form in the modern period, its origins lie in the universal drive towards the domination of human and material nature (Leiss 1972). In the modern period, science, technology, and professional expertise take on this role, so that the task in today’s society is to recognize that science and technology—including “social technologies” such as public administration and policy analysis—represent the domination of instrumental rationality, especially in the public sphere.

Instrumental rationality represents but one form of rational inquiry and problem solving. There are two others, one based on the hermeneutic (interpretive) tradition established by Vico, Weber, and Gadamer; the other based on a more general critical (emancipatory) tradition of ethical and moral thought in Europe and North America. In this context, there are three interdependent interests which underlie and guide three different types of rationality:

- *Instrumental Rationality*. This form of reasoning guides the empirical-analytic sciences and social and management technologies, including public administration and policy analysis and the latter's embodiment in Regulatory Impact Assessment (RIA) within the European Union. The primary interest underlying instrumental rationality is the *control* of human and material nature.
- *Hermeneutic (Interpretive) Rationality*. This form of reasoning guides the interpretation of written texts (originally Biblical texts) and, more importantly, texts in the form of subjectively meaningful human actions. The "hermeneutic sciences" include a range of qualitative methodologies such as phenomenology, ethnomethodology and, in a specific sense, the *verstehende sociologie* of Weber and successors. The primary interest underlying hermeneutic rationality is understanding the language and purposive actions of individuals and groups, so as to reduce or eliminate the distorted communication created by the sciences, social technologies, and expert professions.
- *Critical (Emancipatory) Rationality*. This form of reasoning guides the process of achieving freedom from distorted communication, freedom from reified concepts (e.g., "customer") created by the professions and sciences, freedom from false beliefs that political and economic institutions (e.g., markets) are "natural" entities governed by immutable laws (e.g., "privatization produces efficiency"), from political and bureaucratic domination (e.g., the alienation of civil servants in command-and-control ministries), and many other constraints on freedom of choice and the creative acts of individuals, groups, and organizations. The primary interest underlying critical rationality is the emancipation of individuals and groups through critical self-reflection and the creation of new institutions, norms, values, and goals through moral discourse and ethical reflection.

These three interdependent aspects of critical theory may be understood in terms of the analogy (it is *only* an analogy) of the "psychoanalytic encounter" (see Habermas 1971, Ch. 10). The *analyst* brings to his patient a reflective science, in this case, Freudian psychoanalysis, although it should be stressed that reflective science is also embodied in a large number of self-reflective problem-solving tools used to structure problems of management, policy, and planning (see, e.g., Healey 1993; and Dunn 2004). The procedures and techniques of reflective science are brought to bear on the problems of *analysands* (citizens, clients, customers, co-workers) by, first of all, understanding their language and interpretations, so as to achieve un-

distorted communication between the *analyst*, on one hand, and the *analysand* on the other.

Understanding is not enough. It could result in further domination and control by developing more effective mass communications, advertising, marketing, and propaganda. Thus, the analysand can achieve emancipation only through critical self-reflection and creative changes in behavior, which the steers but does not dictate. The point of the analogy of the “psychoanalytic encounter” is to show the interdependencies among technical, hermeneutic, and emancipatory interests. Authentic emancipation depends on all three types of rationality.

Critical theory is clearly different from the traditional scientific and legal theory of public administration in the United States and Europe. Traditional theory in the European context, for example, is characterized almost entirely by instrumental rationality. Even advocates of NPM are guided by instrumental rationality, where strategies and recipes for improvement are seen as instruments to achieve economic and financial gains through down-sizing (so-called “right-sizing”), tax reduction programs, and privatization programs designed to achieve new efficiencies. Although democracy and power sharing are also values, it is not always clear whether these are ends, or means to efficiency improvement—that is, another form of instrumental rationality. For example, as Carole Pateman (1973) has documented so well, agency and community participation are often seen as instruments for overcoming resistance to change and facilitating implementation.

## **Applying Critical Theory to NPM**

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In the first section of this paper we presented the various interrelated principles and strategies of NPM. Notably, the strategies begin with Cs--Core, Consequences, Customer, Control, and Culture. In this concluding section, we add to each of these C-Strategies a corresponding amendment drawn from critical theory. In this way we seek to integrate NPM and critical theory as part of an action plan for administrative reform.

*The Core Strategy: Critical Discourse Amendment.* The core strategy of NPM is designed to help public systems clarify their fundamental purposes, eliminate functions that do not serve those purposes, and organize programs and policies so that organizations and communities are free to create their own defined visions, missions, and goals, all of which contribute to the system’s overall purpose. This core strategy needs to be amended so that public discourse about purposes—both “instrumental” (means) and “consummatory” (ends)—form part of open, critical discussion and debate among politicians, managers, employees, and members of communities. “Value-critical” discourse (Dunn 2004, Ch. 10: Ethics and Values in Policy Analysis) focuses on ends as well as means, so that the exclusive focus on

means does not revert simply to another and perhaps more advanced form of instrumental rationality, which is the *essential feature of all bureaucracies*.

To be sure, ends justify the means. But ends themselves must be justified. Among those ends are justice, equity, liberty, fairness, and procedural predictability, none of which serve the ends of economic efficiency, per se, because they are often ends in themselves. Regrettably, for many advocates of NPM in the United States and the United Kingdom economic efficiency in its various forms (employee productivity, budgetary discipline, optimal staffing) is the main justification of NPM interventions such as privatization, contracting out, and new personnel appraisal systems. Frequently, even discussions of employee and citizen participation, which at first glance seem to be associated with democratic governance, reduce to purely instrumental arguments about the effects of participation in enabling or constraining productivity. This is pure instrumental rationality, with no consideration of other public ends. As Deborah Stone has shown, it represents the confinement of public discourse to the uncritical discussion of values associated with the “market,” ignoring those of the “polis” (Stone 2002).

*The Customer Strategy: The Reflexivity Amendment.* Although terms such as “customer” point to the non-coercively empowered citizen as one who should make choices on the basis of the quality of services and products, this and other terms (another is “twinning”) are and should be the subject of critical self-reflection. A reflexive strategy not only examines the special conditions under which such terms arise (e.g., customer is a creation of late 20<sup>th</sup>-century “marketized” societies), but also looks at the changes in behavior that result when information about an individual’s or agency’s behavior are made available—they change their behavior in unanticipated negative (and positive) ways. Police departments, when their annual budgets are being made, make more arrests, but these arrests later fail because they are “false” arrests. When new student achievement tests are used to provide increases or decreases in teacher pay, teachers “teach to the test” and partly invalidate the test. This reflexive property of human behavior is so widespread and important that it has been elevated, through the phrase “reactive measures”—to a major principle of the social and behavioral sciences (Campbell, D.T. et al., *Unobtrusive Measures: Non-Reactive Research in the Social Sciences*, 1966). When students and their families in state-funded schools are labeled “customers,” evaluations of teachers (and professors) naturally focus on *customer satisfaction*, which sometimes has nothing to do with education or knowledge.

“Customer” can imply that people are simple commodities in the language of instrumental rationality. “Customer” in a critical theory perspective can also imply that individuals can and must act in world governed by non-coercive discourse. To have free choice is the ultimate act of non-coercion. Whether we, as individuals, act as utility maximizing self-interest ones or altruistic community oriented ones is theoretically immaterial to the point that non-coercive choice is an inherently

necessary condition for other forms of rationality contemplated by critical theory. In general, it is the essence of the rejection of the commoditized notion of customer that can be a foundation of NPM.

*The Control Strategy: The Emancipation Amendment.* Managerial and employee titles, along with their roles and institutions, are not “natural” entities. The problem, as Horkheimer put it (1982: p. 199), is that these days “the whole perceptible world of administration is seen as simply factual; it is there and must be accepted.” In addition, often there is an “illusory coherence” believed to characterize agencies and ministries. The “naturalization” and “reification” of roles, positions, and institutions—including the “market,” “socialism,” and “capitalism”—need to be the subject of critique and public discourse in order to achieve authentic power sharing.

Empowerment of organizations, employees and communities is an act of decentralization and an abandonment of exclusive reliance on instrumental rationality and its focus on technical control. The center and the bureaucracy need to relinquish traditional forms of command and control. In the process, it opens the avenues for other forms of rationality for communities to reach their decisions and for those communities to reach a non-coercive consensus with the center.

*The Consequences Strategy: The Hermeneutic Amendment.* Incentives and disincentives mean something different to different people. It is fatuous to believe that incentives have the same meaning and consequences everywhere; that individual managers and employees are “copies” of one another. Hermeneutics and the “sciences of interpretation” are vital aids to NPM.

*The Culture Strategy: The Communicative Competence Amendment.* A “holy grail” of human relations approaches has been to wed the needs of the organization with the needs of the individuals who constitute that organization. Habermas’ notion of ideal speech is one in which a symmetry or equality of power among participants is created that prevents communicative distortion brought about by domination. To win the hearts and minds of employees by making them empowered decision-makers is a form of equality that may well be an early form of non-coercive discourse that integrates the needs of the organization and the needs of the individual in a way that serves both well.

## **Concluding Thoughts**

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Critical theory demands that a free and open society have maximum, if not total, participation in the public sphere. Given the domination of purposive-rational action in today’s societies, discourse in the public sphere has been more narrowly confined to instrumental rationality. As such, open discourse about the normative agenda of society excludes the type of communication that critical theorists believe are necessary to emancipate the individual. The new public management, perhaps unwittingly, seems to require the notion of interpretive or practical reason that lies

at the core of critical theory. For this reason, among others, NPM represents a decision-making system that is a rejection of pure instrumental rationality.

Finally, we will be the first to admit that this essay is more theoretical than practical. Whether the NPM makes operational sense, given the economic, political, and ethnic inequalities of most of the planet, is another question for another day. What is of importance is that insight can be gained from recognizing that some of the attack on NPM is unwittingly an attack on the practicality of critical theory. For what lies at the heart of the debate is the inability of advocates and critics alike to see that the issue is really about the nature and meaning of non-coercive discourse.

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# Pawns On A Chessboard: The role of donor organizations during the transition process

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## 1. Introduction

This paper is the third in a series dealing with western assistance to Central and East Europe after 1989. During the transition phase much money went on advisory work in CEE countries. However, with the benefit of hindsight and with some understatement, we can say that not all these investments were profitable. Previous papers written by Sobis and De Vries pointed out that the experts who were sent to transition countries in Central and East Europe after 1989 were often less successful than expected. What went wrong?

When listening to recipients in CEE countries, the advisory work itself was unsatisfactory in many respects (Sobis & De Vries, 2004). When asking the most appreciated (Swedish) experts about their understanding of the situation and their role in CEE, they complained quite frequently about the poor work conditions imposed by donor organizations (Sobis & De Vries, 2005). In this paper we address the position of donor organizations on the same issue e.g., their role in aiding CEE countries. What is the opinion of these organizations and were the experts right to point to them when asked how to explain failures in the practice of advice? In other words are the donor organizations really the ones to blame?

Underlying this research is some confusion, or at least hesitancy. Shouldn't donor organizations be seen as not-for-profit organizations? Organizations comparable to charities i.e. idealistic organizations (Fischer, 2000; Salamon & Anheier, 1996; Vakil, 1997) of which the distinctive features are:

- (a) that their prime function is that they serve a good cause;
- (b) that they act not-for-profit;
- (c) are externally oriented;
- (d) show altruistic behaviour.

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If these characteristics are applied, then how could the agencies concerned be reproached for any failures in the field? Or should they be seen, on the contrary, as organizations similar to other private organizations – autonomous and having a formal structure – whose failings might, for instance, be conceived as debts which increase the structural power of competing donor organizations or their authorities.

We endeavour to answer these questions by means of a case study of Swedish donor organizations. The aim of this case study is to understand the donors' point of view on western assistance to CEE countries. Our previous research was also based mainly on empirical material from Sweden, after it became clear that, comparatively, the Swedish experts and consultants were perceived as the best by the respondents from CEE countries (Sobis 2002). Thus, the Swedish case is not a random case, but an unusual case and if any criticism is possible about the role, purposes and experiences of Swedish donor organizations, this might tell us as much or even more about similar organizations from other countries. The Swedish case is also interesting because the country started giving assistance to the Baltic States and Poland relatively early in 1989, thus five years before Sweden became an EU member and about fourteen years before the CEE countries became members of the EU. Furthermore, Sweden is one of the most generous states in Europe in this regard.

For the case study in question, it is important to understand to what degree Swedish assistance to CEE countries was, partly or wholly, aimed at protecting the Swedes' own interests, whether it was subjective towards potential assistance-recipients, and how the Swedish assistance programmes corresponded to the needs of recipient-organizations. This research addresses questions such as:

- What were the goals prioritized by the Swedish donor organizations when investing in assistance projects to CEE after 1989 and how did these goals evolve?
- Were the projects evaluated and to what degree did they achieved their goals?
- What factors lay behind success or failure of assistance programs?
- To what extent are the explanations of the experts and donor organizations congruent?
- How does this relate to the sometimes disappointing outcomes of advice?

Before we give an answer to these questions we will first present the theory that steers our analysis, and justify the research method.

## **2. Data and methods**

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This research is anchored in earlier research conducted by Sobis (2002), Sobis and De Vries (2005) and Sobis and De Vries (2006). The study is based on documentary analysis and interviews.

Regarding the analysis of documents, we have used reports and evaluations of the Swedish assistance programmes from the home page of the Swedish Interna-

tional Development Co-operation Agency (Sida) and their archival and published reports and evaluations accessible to visitors. Another very important source of information was the official reports prepared by the Stockholm Group of Development Studies for the Swedish government, in which they presented evaluations of developmental work in Estonia, Latvia, Lithuania, Poland, Russia, the Ukraine and Byelorussia. These reports play a complementary role to Sida's official documents. Furthermore, we analyzed the regulations as given in the Swedish statute-book.

Concerning the interviews, the aim was to conduct in-depth interviews with the representative of the main organisations concerned, including Sida itself. Moreover, it proved necessary to interview some individuals who evaluated Swedish assistance to CEE with a major focus on Sida's assistance projects and who had a wider insight into the major aims and principles of the Swedish assistance to CEE. These individuals had a wider knowledge of the recipient's experiences of Swedish assistance and to what degree these projects met recipients' needs. In this study we have also used transcribed interviews with experts from the previous research that are relevant here. This article is based on eight interviews with key-people, four with women and four with men. To protect privacy, we do not use their names or their professional positions. These details are seen as less important for our study. Our only interest is in the development process in CEE and how this process is perceived and experienced by the representative of the Swedish donor-organizations. The average interview took about one and half hours. The interviews were transcribed verbatim as we did not want to miss any important information.

The interviews consisted of open questions around three themes. The first questions addressed basic information about respondents and their formal education, actual professional specialization, why they were involved in the assistance programmes to CEE countries, etc..

The second series of questions focused on the assistance programmes to CEE countries that the donor-organization provided between 1989 to 2005. The focus was mainly on the aims and financial principles of that assistance, which projects were seen by the donor-organization to be a success and which as a fiasco. We wanted to know which goals were possible to reach and which proved impossible, and why that was so. The respondents were also asked to identify the underlying factors behind the success or failure of assistance projects.

The third theme concerned *experts* and *consultants*, who the donor-organization employed in the assistance projects. The respondents were asked to make a distinction between the concepts of "expert" and "consultant" and explain how the donor-organization recruited experts and consultants for the projects. These questions were aimed at getting information about the competence of experts and consultants, to understand, on the one hand, the recipients' disappointment with the western assistance and, on the other hand, to understand the discontent of Swed-

ish experts and consultants with uncertain working conditions in the post-socialist countries.

The empirical material proved to be very rich, thanks to the respondents' engagement, frankness and good will to give us all the necessary information about the donor-organizations experiences from CEE during the period from 1989 to 2005. It should be mentioned beforehand that the material is not to be seen as representative for all donor-organizations. As said above, there are good reasons to see the Swedish case as an extreme case.

### **3. A case study of Swedish donor-organizations**

To understand the nature of Swedish assistance to the post-socialist countries in CEE, it is necessary to know some historical facts about the Swedish tradition of aid. One of the first donor-organizations was *the Swedish development corporation*, established in 1965 by the Swedish Parliament, in order to improve the standard of living of poor people. Probably, the Christian missions, certain political motives, and the English-speaking former British colonies suited the Swedes well and the government decided to address the first assistance programmes to Ethiopia, India, Kenya, Pakistan, Tanzania and Tunisia. In fact, it was Sida – *the Swedish International Development Cooperation Agency* in its original version. Up to the early 1970s, this Swedish agency conducted almost only individual projects that were directly under the control of government. As time went by, the recipient countries could decide on the projects and sectors based on their needs.

The oil crisis of 1973 had an effect on Swedish co-operation with developing countries. The government decided “to raise the level of tied assistance”, which meant in practice that the recipient countries were obliged to “a greater degree than before to use part of the support they received to purchase Swedish goods” (Sida, 2005). Until 1978, the number of beneficiary countries had increased to fourteen. Sida then supplemented “the overall goal of improving the standard of living of poor people with four sub-goals” (Sida, 2005). Now Sida's major goals were: (1) economic growth, (2) economic and social equality, (3) economic and political independence and (4) democratic development. Two years later Sida prepared a strategy for rural development to help the poorest people in Ethiopia and Mozambique (Sida, 2005).

At the beginning of the 1980s, Sida was openly critical about the effectiveness of its support. It initiated discussions between donors and recipients in order to learn what could be done to improve the effectiveness of international co-operation and assistance programmes. At the same time, most donor countries in the West, started to support the programmes of the World Bank and the IMF to stabilize and liberalize the economies in Latin America, Asia and Africa. Sweden went along with this approach.

Another important Swedish donor, alongside the Swedish agency, proved to be *Preparation for international technical and economic co-operation*, with the acronym BITS (Beredningen för internationellt tekniskt-ekonomiskt samarbete), that was established in 1979. BITS, as a small department within the Ministry for Foreign Affairs, was responsible for international technical and economic co-operation. Its tasks, financing and organizational principles, were regulated by the law of 1979:831. BITS, by law, was expected to create co-operation with *certain* developing countries to assist them in their socio-economic development. In this way, the government wanted to help these countries and secure Sweden's stronger relations with them (SFS, 1979:831; Interviews 2, 3 and 4). The Swedish law of 1979:831 provides us with the general instructions for the *Preparation for international technical and economic co-operation*. This document focused on technical co-operation and the financing principles of technical assistance to the Third World. It emphasized the importance of education, training projects and participation of Swedish consultants. All the activities ought to be conducted through mutual co-operation and should involve Swedish institutions and enterprises.

The same paragraph also mentions cultural co-operation and personal exchange between the donors and the beneficiary countries (SFS, 1979:831, 3§ and 4§), which opened some possibilities for BITS to co-operate with *the Swedish Institute* [SI]. The latter was expected to support aid-programmes in the area of culture and social questions. It is interesting to note that in this document the technical assistance and the financing principles of assistance are seen as on a par with economic assistance. Some years later economic assistance was expressed in terms of donor-organizations' contributions to economic reforms to countries in need.

The groundwork for international technical and economic co-operation was laid by the Board of BITS. These senior civil servants, about 20 in number, were appointed for three years by the government. BITS also had a Secretariat i.e. the director, ordinary and special personnel that had access to financial means. They were also appointed by directly by the government. Gunilla Olofsson was BITS' first director. She had been working previously at the Ministry of Finance, Ministry for Foreign Affairs and the World Bank in Washington (LUM, 1997; Interview 5). BITS could turn to outside units such as national and international banks, organizations, enterprises, whenever some special tasks demanded wider co-operation.

It seems that the new policy of BITS did not come about by accident. The increase in social movements in CEE countries confirmed the collapse of socialism. The first non-communist governments in Hungary and Poland and the fall of Berlin Wall that had a symbolic importance to the fall of socialism, were seen by the West as the starting point for great transformation in all CEE countries. The World Bank and the IMF decided to help stabilize and liberalize the economies of the CEE countries. For the Swedish government this opened up new possibilities to finance its assistance-programmes. It is not so surprising that the government supplied its

aid-agenda with new goals, such as sustainable use of natural resources and protection of the environment. The government assigned extra money for this purpose.

In 1988, the Swedish Parliament passed a new bill dealing with the tasks of BITS. According to the law of 1988:1125, this time BITS was expected to promote economic and social development in specific developing countries in order to create strong relations with these countries through co-operation with Swedish institutions and enterprises. The resulting document emphasized the great importance of technical co-operation with specific developing countries and the role of giving special credits to them. The government recommended BITS to adapt its activities, to co-operate with international organizations and authorities in other countries in accordance with the general principles laid down by government.

Moreover, there were cutbacks. The managing director became chief of BITS and the Board was limited to ten people including the director. The organization was divided into two units: the first unit was for technical co-operation and the second one for providing credits to developing countries. The Board of BITS was responsible for: (1) the direction and extent of co-operation with some countries, (2) occasional efforts for the developing countries that had never before had support from BITS, (3) greater credits to developing countries, and finally (4) important questions dealing with the organization and working methods of BITS (SFS, 1988:1125). The last task suggests that the Swedish government already then experienced some organizational problems concerning assistance to countries in development.

Probably, the earlier experiences with finance aid programmes to Latin America, Asia and Africa in co-operation with the World Bank and the IMF made the Swedish actors look at the new opportunities to join the international aid-forces in relation to the developing countries of CEE. The reform of Swedish aid programmes proved necessary. It was only a question of time. Thus, according to the structural changes in Latin America, Asia and Africa on the one hand and the great transformation of the post-socialist countries on the other hand, the Swedish Parliament decided on new credits and offers that would make it possible to create a new financing system for assistance to CEE. In 1989, the government decided to start the aid-programmes to the CEE countries. They got the Ministry of Foreign Affairs, and particularly BITS, to help the countries around the Baltic Sea, i.e. neighbours, like Poland, Estonia, Latvia, Lithuania and Northwest Russia.

The political and socio-economic situation in the CEE countries proved very dramatic and these countries demanded much more assistance than just technical co-operation. Subsequent laws guided the assistance to these developing countries. As a result, the government decided on a fusion between BITS and SIDA in 1992 (SFS, 1992:269). However, the fusion was in practice only possible in 1995, because the Swedish statute did not explicitly state that the regulations of 1992 replaced the previous regulations dealing with assistance programmes. BITS and SIDA were still working separately, though quite closely.

The Swedish International Development Cooperation Agency [Sida] in its new organizational structure started on 1 July 1995. The new Sida was the result of a merger of SIDA, BITS and three smaller autonomous entities: the Swedish Agency for Research Cooperation in the Developing Countries [SAREC], the Swedish International Enterprise Development Corporation [SwedeCorp] and the Swedish Centre for Education in International Development [Sandö Ucentrum]. All these organizations carried out development cooperation programmes with relative independence (Sida, 2005; Falk and Wallberg, 1996, p. 4; OECD, 2004, p. 2).

It should be emphasized that at this time the Ministry for Foreign Affairs (MFA) was being reorganized. The responsibility for country aid strategies and programming was devolved to the regional departments of the Foreign Ministry, but was still treated as an integral part of overall political and commercial relationships. Aid policies and the management of Sweden's input into multilateral development cooperation in general, were handled in specialist departments of the Foreign Ministry (OECD, 2004, p. 2).

In most programmes on behalf of CEE countries, the same people were involved, even if they previously belonged formally to different donor-institutions. The co-operation with Poland, the Baltic countries and North West Russia that started in 1989 brought these aid-institutions closer to one another (Interviews 2, 3 and 4). Later on Sida's focus broadened to other CEE countries, the respondents emphasized:

*When the Ministries of Foreign Affairs were meeting each other in the various committees of the EU in Brussels, we always had someone from Sida at these meetings. It was about 1995. We had a good insight into all the programmes dealing with the CEE countries. We participated in these committee meetings about four times a year. There we met the people who were responsible for development in Latvia, Lithuania, White Russia and Ukraine etc. and we made a decision what we would do for these countries. We were flexible. The EU had much money for projects such as PHARE or TACIT. It involved big projects, limited time and very complicated procedures (Interview 2).*

It was a discussion in Europe between the donor-countries that development work should be divided among them. Sweden took charge of the Baltic States. Poland was so big that Germany would take care of the country too. Germany also took care of Czechoslovakia and the Balkans. It resulted in an international specialization and division of work among donor-organizations. Sweden went into the CEE countries with some special know-how (Interview 3).

Swedish assistance to CEE countries was firmly directed by national government. One could observe a clear division of aid-programmes addressed to CEE countries among the western donor-organizations. The geographical aspects and

neighbourhood relations quite often had a decisive impact on which West European country should provide assistance to which CEE countries. Poland which undeniably belongs to the Baltic countries is definitely too large to get assistance solely from Sweden. Thus, Germany, France, the UK, Denmark and other relatively close countries were involved in the aid-programmes to Poland. However as time went by, specialization in aid-provision was more frequently observed.

### 3.1 The major instruments of Swedish assistance

The major instruments of Swedish assistance to CEE countries after 1989 came from the Swedish government through the donor-organizations, first through BITS and later through Sida. The major means to provide assistance were, and still are, those that come from the Swedish taxpayer. The government assigned a separate budget to BITS and Sida. Concerning the rules for financing the assistance program, respondents explained it as follow:

*Sweden has never financed any assistance project on its own. If we had a large project such as environment projects to neighbouring countries, then we always had other financers within the project. Our basic principle is to have a bilateral agreement with a recipient country i.e. an agreement between Sweden and Poland, Sweden and Estonia, Sweden and Lithuania etc. From the beginning, we have divided all the costs, counted in Swedish crowns, between us and the recipient. It means that a recipient covers our local costs in the recipient country, when the Swedes conduct a project. We pay our staff. The main idea behind this policy is that the recipient has to show that they want to co-operate, that they give priority to a plan for our co-operation. It was BITS's principle from the beginning. These rules also applied to our co-operation with developing countries in the Third World. Maybe we weren't always so rigorous, but we wanted to keep up these rules in the co-operation with CEE (Interview 4).*

*It was important to use the Swedish resources and competence in such areas that Sweden could propose and decide on everything. The main idea was that the assistance programmes should be planned fast and money ought to stay in Swedish hands (Interview 3).*

Thus, the donor organizations financed the Swedish technical co-operation between two partners that signed a formal written agreement. It was a contract between a consulting organization that was obliged to conduct a project and a recipient organization that was looking for help within the framework of the bilateral agreement between the two governments. The signed contract constituted the crucial element of Swedish assistance. The central issue, in the opinion of the respond-



ents is to underline very clearly from the beginning the recipient's responsibility for participation in the project. The same respondent added:

*The contract is the framework by which we can develop our co-operation; we have a contract that regulates our activities (...) and the relations between both partners participating in the project. Sida provides them only with the financial means for the project and we watch over their mutual relations under co-operation. This agreement we created in order to be able to begin a regular commercial co-operation as quickly as possible (Interview 4).*

Through their co-financing of aid projects BITS and Sida had the opportunity to choose from the consulting organizations those that proposed projects that were needed and among the receivers those that asked for specific assistance which could be delivered. BITS and Sida could exercise influence only by matching potential partners. They could decide in which area assistance would be provided and which consulting organization would lead the project. Concerning assistance to the CEE countries in general, however, they were expected to choose those aid-projects that secured the Swedish objectives, but not necessary the needs of recipient-country.

The situation was quite different, in regard to the large assistance programmes addressed to the Baltic States, e.g. the infrastructure projects for St. Petersburg. Its cost was about 2 billion Swedish crowns. In that project, Sida co-operated with large financiers like the World Bank; the European Bank for Reconstruction and Development [EBRD] and Northern Investment Bank [NIB]. In this project there was also state and private financing from Sweden and Finland. Thus, joint resources quite frequently characterized assistance to the CEE countries, especially when after some years, the aid programmes were growing in duration, extension and costs. The respondent explained:

*Now the projects have a longer duration and they are larger. Earlier on, we had one month projects for 3 – 4 millions, they were really small. No one wants to have such projects today. Now, we have big projects that take 3 – 4 years and cost about 10 – 12 millions. We have the possibility of influencing a whole sector, and to control what happens when conducting the project, and influence co-operation between partners (Interview 2).*

Thus, the rules for assistance programmes to CEE have not changed so much, but enough to make it easier for the co-operation efforts to achieve positive outcomes.

### **3.2 The major objectives of Swedish assistance to CEE, 1989 – 2005**

During the period from 1989 to 2005, Sida was involved in 27 post-socialist countries in transition. During this time, the co-operation with all these countries changed

in character, extension and areas. The major objectives of the Swedish assistance to the CEE countries have remained almost the same from the beginning. Operative goals were adapted according to the various phases of Swedish assistance and the later ones varied due to region, country and time. Below we present the major objectives of Swedish assistance that the respondents mentioned, with some comments about the operative goals for each phase to show similarities and differences among them.

Most respondents were inclined to divide the period from 1989 to 2005 in three phases: 1989 to 1995, 1995 to 1998 and 1999 to 2004. For us, the first five years of the western assistance to CEE are especially interesting because most myths, prejudices and critical opinions about western assistance can be traced back to this period. It proved that the respondents were talking about the first five years of assistance in terms of “until the dissolution of Soviet Union” and “after that” which made us divide the period of 1989 to 2004 in four phases: 1989 to 1990, 1991 to 1995, 1996 to 1998 and 1999 to 2004. This division corresponds to the major objectives characteristic for each phase.

### *3.2.1 The major objectives of assistance for CEE, 1989 – 1990*

During the first phase, the assistance programmes of BITS were concerned with Poland, the Baltic countries i.e. Estonia, Latvia, Lithuania and Northwest Russia. It was a period when the Baltic countries were still within the organizational structure of the Soviet Union (Eduards, 2004b, Interviews: 1, 3, and 4). One of the respondents explained that the interest in these countries was quite natural for Sweden:

*I believe that Sweden has an old engagement with Poland and the Baltic states. Poland was always an important neighbour., I do not only refer to the time of Sigismund, but Poland and Sweden were always partners against Russia and they had the same military strategic interest. Within the Baltic countries, we can also find very strong bonds that create a spirit of community in culture and mutual understanding. We can say that Sweden was looking forward to the collapse of socialism. We were very interested in providing these countries with aid when we saw that the local forces stood up. We started co-operation even before the official dissolving of socialism and that had nothing to do with the EU. It was for the sake of the Swedish interest in neighbouring countries (Interview 3).*

*At the beginning of 1990s, we had our hands full with the Baltic States and Poland. Besides we also started co-operation with Russia (Interview 4).*

Another point to consider is that, since the 1970s, Sweden has been extremely active in environmental questions and the Swedish government was much inclined

to support international efforts to restore the ecological state of the Baltic Sea (Eduards, 2004b, p. 13 – 14). It is not so surprising that the Swedish government encouraged co-operation with Poland, Estonia, Latvia, and Lithuania, when Poland started their political and economic reforms. It was a good opportunity for co-operation that could focus both on environmental and democratic issues.

*The Swedish government saw the paradigm shift in Central and Eastern Europe at the beginning of the 1990s – and the subsequent structural changes there – as one of the critical issues of our time and judged it to be strongly in the interest of Sweden to provide broad political, economic and technical support for the process (Eduards, 2004b, p. 5).*

Regarding the support for other Baltic countries, this was only a question of time. The Swedish government promoted: (1) sovereignty, (2) processes to democratic market economies and (3) integration with European countries and other forms of international co-operation (Eduards, 2004b, p. 5). The objectives were formulated in a very general way but explicitly enough to limit the sectors to be reformed.

### *3.2.2 The major objectives of assistance for CEE, 1991 – 1995*

The dissolution of the Soviet Union in 1991 can be seen as the start of the second phase. The Swedish assistance programmes were focused mainly on Estonia, Latvia and Lithuania. The co-operation aimed especially at promoting the common security and sovereignty of once more independent countries in the Baltic region. Thus, the issue of “sovereignty” was reformulated into “common security” and “democratic development”. They focused on the establishment of multi-party parliamentary systems in the new democracies, and the development of a new culture of democracy in line with a market economy. It should be emphasized that the objectives for co-operation with the new democratic countries for the second phase were mainly the result of the previous three years’ experiences and the Swedish government was rather late in its decisions about them, namely in the spring of 1995 (Utrikesutskottets betänkande 1999/2000:UU6, p. 11).

Moreover, the major objectives give the impression that the goals had expanded in comparison with the first phase, that were still characterized by mini goals, aiming mainly at creating opportunities to co-operation with CEE countries. Now, the major objectives were more encompassing, namely (1) to promote common security, (2) to strengthen a culture of democracy, (3) to support a socially tenable economic transformation, and (4) to support environmental durable development (Almqvist, 1996, p. 1; Interview 2, p. 3; Interview 3, p. 6).

Probably, the second phase should be perceived as the most important, both to further the Swedish assistance and to continue the reform process in the post-

socialist countries, because the objectives became more concrete and it was easier to formulate operative goals for assistance projects to CEE.

Regarding the operative goals, the Swedish government made a decision in December 1992 to support those aid-projects aiming at co-operation between the Swedish County Administration Boards [CBAs], and the respective boards in Estonia and Latvia (Almqvist, 1996, p. 2). Two years later, these operative goals were extended to Lithuania and Poland. The program called “Twinning Programmes with Local Authorities in Poland, Estonia, Latvia and Lithuania” was introduced to support the democratic development in neighbouring countries (Falk and Wallberg, 1996, p. 3 – 4). From then on, the improvement of public administration also became an important area for economic co-operation between Sweden and the Baltic States. From a Swedish perspective the economic issues went hand in hand with the reforms of public administration. In 1994, Sweden was still promoting economic co-operation. They helped to set up small and medium sized business, trade and industrial production to create mutual bonds between Sweden and these countries:

*In order to promote trade and industrial development with a focus on small and medium sized enterprises Swedecorp/Sida started the Start-East Program accordingly in 1994. The aim was to contribute to productive investments and development of business by offering small and medium-sized Swedish enterprises loans for joint venture projects with partners in the Baltic countries. Over one hundred projects were implemented. Start-East has had a clear impact on private sector development mainly as a result of its training component (Eduards, 2004b, p. 11).*

These operative goals helped to establish Swedish production especially in Estonia and Latvia, which were seen by some respondents as the countries closer to Sweden in cultural terms than other states (Interview 3). It should be emphasized that the assistance to parts of North-Western Russia had been all the time conducted alongside other programmes conducted in the post-socialist countries (Interviews 1, 2, and 4).

Since 1994, after some post-socialist countries i.e. Hungary, Poland, the Czech Republic, the Slovak Republic, Slovenia, Estonia, Latvia, and Lithuania had signed the Europe Agreement, it has turned out that these countries need help in adapting to EU-norms. It was clear that the social problems in the CEE countries were very serious and assistance in their development should especially address the social sectors of these countries. It was also clear that the Baltic countries and Poland were successful in stabilizing the political situation in their countries, which made issues of “sovereignty” and “common security” less topical after 1995. For BITS, these were the last months they were active in providing assistance.

### 3.2.3 *The major objectives of assistance for CEE, 1996 – 1998*

From 1 July 1995 Sida took over the assistance programmes for CEE countries. The increased political involvement was directly visible. The Swedish authorities launched a plan to secure transition in CEE countries and to integrate the post-socialist countries within a new Europe. The government recommended the start of aid-programmes involving social sector and welfare issues. The major goals for assistance programmes during the third phase of 1995/96 to 1997/98, were almost the same as before, but the economic issues were widened to the social sector and social work. The objectives for assistance programmes became:

- (1) to secure common security;
- (2) to create stable and parliamentary democracy;
- (3) to create a market economy;
- (4) to protect the environment
- (5) to create social welfare.

These goals were intended to govern the programmes for the CEE countries. However, as one of the respondents said:

*Welfare state, social work... It was something new for us. No one had done it before. It took five long years before we discovered that these countries needed assistance in this regard. It was probably because we were sure that during socialism this sector had worked well. It was a big surprise to us that this sector needed to be reformed. We got an order from the government to reform it. We were expected to go there and sell our knowledge (...) It proved that the recipient organizations were very pleased with our assistance. This job in welfare issues contributed to writing the new strategy and programme for 1996 (Interview 2).*

In Sweden the great transformation resulted in a determination to help and to prepare these countries towards EU membership. For the potential member countries, EU membership gave hope for a new beginning. Later on, this hope turned into very concrete goals and activities. Development within the Baltic countries and Poland went very quickly. This resulted in the inadequacy of the previous objectives for international co-operation. In accordance with the considerations of the Standing Committee on Foreign Affairs of 1995/96:UU18, in June 1996, the government decided that all developmental programmes to CEE countries should be adjusted according to an equality perspective (Utrikesutskottets betänkande, 1999/2000: UU6. p. 11). The need for assistance was judged by the concrete operative goals that would steer developments in CEE according to Swedish interests:

- 1) it was necessary to integrate Russia and Ukraine with the European structures;

- 2) the developmental work was expected to be steered in such a direction, that Sweden itself would have an advantage and that Swedish competence would become more in demand;
- 3) the aid-projects should be directed to the regions in the Baltic Sea area and the Barents's area in order to achieve good neighbourhood relations (Eduards, 2004, p. 14).

One can observe that the major objectives and operational goals became less coherent than they might be. Equality on the one hand, Swedish interests on the other. To put it mildly, the operative goals were not directed by the major objectives during this third phase. The development work was characterized by successful modifications. The donors used some adjusting measures to approach EU integration. However, these relations can also be interpreted in terms of the exchange theory that emphasizes that all relations are based on “giving” and “taking”. Sweden was only inclined to give if it was rewarded in a balanced way. Exchange in this period is not to be seen in terms of power, but rather in commercial gains.

### *3.2.4 The major objectives of assistance for CEE, 1999 – 2004*

The fourth phase was characterized by two directions in Swedish assistance to CEE. Firstly, the assistance to potential members of the EU was diminished, and secondly, the developmental work changed into regular international co-operation between Sweden and those countries which had already received assistance for years. It meant that international co-operation from now on should take place without the previous Swedish financing system. However, Eduards argues in his evaluation of this policy that specific directives were missing (SOU 2000:122, p. 21) and that “in order to mitigate the effects of the termination of assistance, Sida introduced Technical Assistance (TA) funds in the co-operation with three Baltic countries” (Eduards 2004b, p. 16).

The termination policy of Sweden's aid formally concerned Estonia, Latvia, Lithuania and Poland. Estonia and Latvia were not seen as countries that were ready to meet EU-demands. However, this is not felt about the situation in Lithuania and Poland that also belong to the Baltic States. Probably, the latter countries are culturally and mentally not as close to Sweden as Estonia and Latvia. This observation confirms to some degree the official reports and evaluations, in which it is made clear that most Swedish aid efforts were to be directed to Estonia and Latvia, while Lithuania and Poland were on another plane (see: Eduards 2004a, Eduards 2004b, and SOU 2000:122). It is likely that the specific history of Sweden in the region can provide us with more essential explanations for Sweden's interest in international cooperation than appears from the government's or Sida's official documents in this regard.

At the beginning of 2000, the major objectives were again transformed. They had to be adapted to the new relations between the donors and recipients. We can observe that Sida's assistance became more specialized and deeper in regard to the

scope of aid-projects. The government formulated concrete directives for international co-operation. Priority was given to the following spheres of activities:

- (1) common security;
- (2) democracy;
- (3) economic transition;
- (4) protection of environment;
- (5) education and research;
- (6) technical assistance.

On 1 May 2004, the bilateral development co-operation program was finished. The future needs of recipient countries were expected to be covered by the instruments of the EU. The process to end the support to Estonia, Latvia, Lithuania and Poland did not imply that Sweden finished all their aid projects to other post-socialist countries in CEE. On the contrary, Swedish support moved to Moldova, Ukraine, Belarus, and the Balkans. A respondent argued:

It was natural that we moved with the transition process to other countries. Development in neighbouring countries went so quickly that it was necessary to go on helping in the states where the transition process had gone much slower. We had gone to the south-east. We wanted to continue making use of our knowledge and experiences, and from the experiences of all donor organizations e.g. the Worlds Bank, IMF... After all, we went through the same development in giving assistance, although to a different degree (Interview 4).

Sida continued to develop its international relations with Russia along the Baltic Sea and the Barents Sea. This area has important links not only between Sweden and Russia but also between the EU and Russia. The Swedish authorities and our respondents perceive Russia as “the most important neighbouring country” (Interviews: 1, 2, 3 and 5). This implies Swedish development co-operation with Russia aimed at supporting reforms and integration within Europe. To achieve these goals Sida transferred know-how and experiences from earlier aid-programmes.

In fact, the same idea concerns other post-Soviet republics in the southern Caucasus and central Asia, where poverty is rising. The developmental work for new co-operation partners is conducted in the same four spheres as previously seen in the Baltic states, that is to address:

- 1) Democracy – the goals are to increase the participation of citizens in political life and to strengthen the position of local self-government;
- 2) Economic transition, aimed at reforms of the public administration to speed up the process of economic transition;
- 3) Social issues – the aim is to build up effective social services and conduct training for social workers. The aid focuses on weak social groups such as children with disabilities, drug addicts, and those suffering from HIV;

- 4) Environment – the central objective is to eliminate major sources of pollution of the Baltic Sea (Sida, 2004).

We have the impression that within these spheres of co-operation the operative goals are much clearer than in the earlier phases.

### 3.3 Reflection on the shifting goals

The results presented above can be framed very well within the theory on social exchange. At first sight the aid given by the Swedes is only altruism. Nothing has to be paid for and it just seems to be developmental aid as is given to the poor countries in the Third World. However, when analyzing the remarks made by the Swedish government in evaluation reports, and listening to the representatives of the donor organizations, one cannot escape the continually underlying power-related goals of the aid to Sweden's neighbours and to those countries Sweden deems to be important for geopolitical and cultural reasons. The most surprising thing is perhaps the openness of the Swedish authorities on this.

They talk about it themselves already in the early 1980s regarding support to Third World countries. A major part of this support is given to promote activities by Swedish industry in these countries. When the Berlin wall collapses the Swedish are keen to go after World Bank and IMF money intended to loosen the ties of CEE countries with Russia and to strengthen ties with western democracies and especially Sweden itself. For instance, regarding the projects dealing with energy efficiency in Estonia one of our respondents remarked:

*Now, we touch a very sensitive and political area e.g. the project dealing with energy effectiveness for Estonia during 1992 to 1993. Sweden had an economic and political interest in this project but what it wanted was contrary to what the recipient wanted. We could not make any decision. The energy area has always been a sensitive question. You have to take a risk and you need strong support from local actors. Otherwise you are excluded. In Estonia, there was a lack of political will until 1996. Some years later, in Lithuania, there were no conditions to introduce the respective programmes. They had old structures and no possibilities to make a decision (Interview 4).*

Later on, the prime objective of Swedish aid was that aid had also to be profitable for Sweden. This policy can be seen in several remarks presented above. According to the law of 1988:1125 BITS, it was made explicitly clear that this organization was also expected to promote economic and social development in *particular* developing countries and to create strong (commercial) relations with these countries through co-operation with the Swedish institutions and enterprises. The same goes for the geopolitical aspects and neighbourhood relations. These two aspects



are quite often mentioned as the ones that had a decisive impact on the answer to the question which West European countries should provide assistance to which CEE countries.

After 1992 one sees criteria such as common security that determine Sweden's aid to the Baltic countries. Other goals are to help the new democratic states remain democratic and making them join the western group. These goals remain even after the situation in the Baltic states changed so rapidly that a different kind of support was needed. The operational goals needed then were hardly congruent anymore with the objectives of Swedish authorities. In 1994 it was the promotion of Swedish trade that made Swedecorp/Sida start the Start-East Program and geopolitical aspects together with historical ties and the common cultural background of nations that dominated the Swedish aid policy. When Swedish support diminishes, those countries with which the bonds are really old and precarious are exempted from these cutbacks.

Of course, all this is not evidence, but it is indicative of the validity of social exchange theory in this respect. Aid is always an imbalanced relationship and, in the case of Sweden, it is clear that it is closely related to the establishment of power and status. The imbalance in what the donor country gets and the amount of money it gives seems to be caused by the power disparity that occurs. The division between aid-providing countries and recipient countries can be explained by pragmatic considerations. However, it also fits in the frame given by social exchange theory. Recipients become less dependent when more actors act benevolently towards them simultaneously.

Moreover, the study shows that the donor organizations seem to be nothing more than go-betweens, indeed, pawns on a chessboard, that seem to be pushed around without themselves having a say in the process. They receive money from government and look actively for other sources in the EU, at the World Bank and IMF, but all they seem to do is distribute this money in accordance with the rules, objectives and instruments given by the Swedish government. When the rules of the game determined by the Swedish government change, the donor-organization's activities change accordingly. Whether this limited the effectiveness of Swedish assistance in CEE countries is an issue that is addressed in the next section.

#### **4. The operational side of Swedish aid**

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That it was not only out of benevolence that the Swedes provided the CEE countries with aid, is seen clearly in the process and the effects of that aid, especially at the beginning. The representatives of donor organizations and the experts and consultants confirmed that at the beginning of transition in CEE, no one was adequately prepared to give assistance.

*At the beginning we had very limited knowledge about these countries to which we sent our consultants. The first consultants did not get any preparation or help from us at all. No one had been in these countries before and in this field particularly, but when our activity expanded we created new instruments. We learned how to get external means to aid projects e.g. from the World Bank. We had experienced with plenty of experts and consultants and in consequence, our knowledge about the local conditions in those countries developed too... But at the beginning, it was really very difficult (Interview 4)*

Whether the operational side in general suffered under the shifting conditions imposed on donor organizations is difficult to tell. There are plenty, maybe thousands, of examples of small and really large projects supporting reforms in beneficiary countries that were financed either by the bilateral agreements between Sweden and other countries or by multi-layer agreements between many financiers and recipients. To go through all the reports and evaluation studies reminds one of “wandering through a jungle”.

We dealt with two types of evaluation studies on Swedish aid-programmes. The first group consists of reports and official evaluations written on the government's orders as e.g. *Official Report about the Co-operation with Central and East Europe* (SOU 2000:122) of which *Evaluation of Development Work with Central and East Europe* (SOU 2000:122) constitutes an integral part. Both documents are broad in scope and very detailed in the description of aid programmes. Furthermore they are benevolent to the Swedish governmental donor organizations and even other financiers. They present the major objectives and the degree of goal achievement. The degree of goal achievement is presented by thematic groups according to the major objectives and to the concrete countries. However, it appears from the reports, evaluations and interviews that behind the major objectives there were always the operational goals that seldom were in line with the former but which proved to be a driving force for the aid programmes addressed to the CEE countries.

The second group of reports and evaluations were all written on Sida's orders. These are also official documents and easy to access, either through Sida's home page or from their Archive Office. These evaluations vary in extent and the level of details, from very short descriptions of concrete aid projects to reports and evaluations that relate to broader aid programmes in a region, or reports dealing with the theme of assistance e.g. *twinning cooperation*. They are a source of detailed information about projects and programmes. The reports and evaluations written on behalf of Sida, show that they were learning through doing, and that the main purpose was to formally control both partners of international co-operation i.e. those who conduct a project and the recipient. Together with the description of the nature of

the cooperation, the recipient had to accept the aid and consultancy conducted. One of the respondents said:

*All the time we monitored the co-operation between those who conduct a project and recipients. We write reports about that. We have a system that makes it possible to evaluate those projects that we have introduced (Interview 4).*

The evaluations are especially interesting regarding efforts that did not work in practice and which were in contrast to the experiences of consultants and recipients. However, according to our respondents, evaluating was the only way to learn from ones' own mistakes. Thus, Sida's evaluations were aimed at learning from the assistance projects. Sida financed many projects and the learning process was necessary to help itself in the further planning of aid work for developing countries. Some respondents acknowledge that thanks to the evaluation studies, they got rid of aid-projects that did not work in practice. Moreover, some evaluations studies emphasized repeatedly that the projects dealing with such things as. equality between sexes had to be "worked on", if they were expected to work in practice in the future.

The above implies that the question – whether the aid-projects to CEE did achieve the goals – is not easy to answer. This is also because of the growing number of major goals that are not always consistent with the operational goals, developed due to the various phases of giving assistance. Sida had to provide the institutional standards and organizational fashions that were expected to secure the major objectives through the operational goals aimed at improving the position of Sweden within new international relationships. Nevertheless, it would be unjust to deny that the assistance contributed to the development of the post-socialist counties in their adaptation to a market economy and the EU's demands.

Let us take as an example the first two phases of the Swedish assistance to CEE during the years: 1989 to 1990 and 1991 to 1995/96. The four major objectives formulated at the end of the second phase were:

- 1) to promote common security;
- 2) to strengthen the culture of democracy;
- 3) to support a socially tenable economic transformation;
- 4) to support environmently sustainable development (Almqvist, 1996, p. 1; Interview 2, Interview 3).

It seems that all these goals were very quickly achieved. However, if we wish to give a balanced picture of the development of sovereignty, common security and support for democratic development, then in the opinion of the respondents:

*The importance of the assistance projects was minimal in comparison to the importance of the local actors for the achieved re-*

*sult. They had their own visions and thinking. It was no thanks to our aid” (Interview 6).*

Thus, whether the outcomes were the effect of the Swedish assistance can be disputed. We must not forget that political and democratic changes were the main boundary condition that induced economic reforms in the CEE countries and that these countries were from the start dependent on the IMF and the World Bank for financing and loan guaranteeing of the economic transition. The negotiations with these large international donor organizations had already taken place before the collapse of socialism. The IMF and the World Bank promised to support and to guarantee loans to start economic reforms, if the CEE countries could get rid of the political and democratic rudiments of socialism. Thus, the CEE countries were highly motivated to start the political and democratic reforms (Sobis, 2002). Swedish aid was just a minor and late addition, although one of the respondents explained:

*I believe that we had done what was possible in various periods. We followed the time and the new conditions that appeared. One can always say that it was our duty to be on time but we experienced some delay. We knew very well that these countries would be part of the EU. I am talking about Ukraine, Poland and the Baltic countries. It was of great importance that Sweden, Denmark and Finland provided these countries with aid. It is of great importance because in those countries, there is capacity; there are many intelligent people who know very well what they want. Maybe sometimes they did not know where they wanted to go, more to the Left or to the Right. It was not easy to lead these countries. For us it was an extremely gratifying task to help them and to be in the process (Interview 2)*

Regarding economic issues, the respondents share the opinion that the major objectives for these phases have now been fulfilled in the Baltic countries and Poland. However, everybody also agrees that the administrative structures demand further reforms in order to diminish corruption and improve the functioning of the public administration. Respondents report on wrong priorities within the aid process. Even if the public administration demanded remedial measures, the first projects were essentially aimed at contributing to the economic transition in the right direction. The same respondent compared the situation in the Baltic States and Poland to the situation in Russia; the respondent said: “on the political and economic fields, the reforms took very long compared to Russia” (Interview 3). The respondents shared the opinion that the most essential changes happened in environmental issues. One person said: “Concerning environmental reforms, they occurred most often, but in this area; these countries need for assistance was smallest” (Interview 3). Another person expressed a similar view and added:

*The Swedish crisis within the banking system meant that Sweden no longer had an interest in developing business in Poland. Sida stopped giving priority to the Polish applications for assistance. They could only get aid for those projects that concerned protection of the environment (Interview 5).*

The environmental projects were the largest assistance projects in which many financiers were involved (the World Bank, Nordic Environment Finance Corporation [NEFCO], European Bank for Reconstruction and Development [EBERD], Nordic Investment Bank [NIB]). Thus, Sida was not the only one involved in financing these efforts.

Concerning the third and fourth phases, Sida's assistance was somewhat different in character because it concerned mainly social welfare issues. These issues were given priority for support. Sida did not have any previous experience in this regard. However, in a very short time it proved that the recipient countries were very pleased with the welfare projects (Sobis, 2002; Sobis and De Vries, 2004). In that area we can say that the goals were achieved, without doubt, to the advantage of recipients.

During the third phase, the operative goals were of great importance to the Swedish government and thanks to Sida. They advocated for:

- 1) the integration of Russia and Ukraine within the European structures,
- 2) developmental work that was expected to be directed by Swedish interests and had to be to Sweden's advantage, and result in a situation where Swedish competence would be in demand,
- 3) aid projects that should be directed towards the regions in the Baltic Sea area and the Barents area in order to arrive at good neighbour relations (Eduards, 2004, p. 14).

Thus, the operative goals were aimed primarily to serve the interests of Sweden and were directed to balance the social exchange with regard to giving assistance.

In the fourth phase, Sida's work contributed to improving the relation between Sweden and its neighbouring states in line with earlier plans:

*A large number of Swedish government agencies now have regular close relations with their counterparts in the Baltic countries – relations that have sprung from Sida-financed projects. Decentralized cooperation between municipalities, and NGO cooperation demand, in general, different conditions to regular cooperation, but are nonetheless deemed necessary to strengthen neighbour relations and to create a valuable network of contacts for the future (Eduards, 2004b, p. 20).*

According to Eduards' report, many advocate that Sweden and the Baltic States not only share political attitudes, but also support each other in public opinions. In order to facilitate the termination of cooperation programmes the Ministry for Foreign Affairs and Sida have newly implemented the Technical Assistance funds to promote transition to regular cooperation (2004b, p. 20).

What we see are representatives from donor organizations who talk about their awkward position, lacking knowledge, having to learn by making mistakes, having to deal with wrong priorities and authorities that mainly act in a selfish way, while they try to make the best of it. Given these points, it is surprising that Swedish aid was perceived as being among the best in the eyes of the recipient countries.

## **5. Conclusions**

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This paper has examined the role of Swedish donor organizations in assistance programmes provided to CEE countries during the transition process. The prime reason for this research was that previous research pointed to the failure of many projects. The recipients blamed the experts who were seen as arrogant and lacking the knowledge and skills (Sobis & De Vries, 2004). The experts blamed the donor organizations for lacking means and strict boundary conditions (Sobis & De Vries, 2005). This paper forms the logical sequel in that respect.

It started by expressing confusion, because one could see donor organizations as charity funds serving a good cause, externally oriented and altruistic. How could they be blamed? The paper investigated whether indicators could be found to confirm a significant power disparity, and a bond between beneficiary and recipient in which the latter is expected to become indebted to the former and therefore susceptible to the former's demands regarding geopolitical issues. Because of the openness and transparency of the Swedish policies and the frankness of our respondents, ample indicators were found. Indeed, it was argued that the assistance programmes to CEE countries were often trapped between the major objectives of the Swedish government and the down-to-earth, concrete, operational objectives formulated for specific projects. The incoherence between major objectives and operational goals may well be the explanation for the failure of concrete assistance projects

The question then arises whether the role of the donor organizations is to be criticized. According to them this is only partly justified. The respondents in our case study were very frank about this. They were trapped between the demands of the Swedish authorities and the regulations that restricted their possibilities on the one hand, and their own goals with regard to improving the situation in CEE countries on the other hand. According to our respondents it was this mixture of strategic and operational goals that frustrated some of the assistance programmes. The real question, therefore, is not one of altruism or selfishness, but to what degree the motives of the Swedish government resulted in aid at the cost of real develop-

ment of CEE-countries. Seen from the recipient point of view, which judged the Swedish aid – in comparison to that of other nations – relatively effective, it was not just power that was sought (cf. Sobis & De Vries, 2004). Seen from the indicators given in this paper on the motives of the Swedish government, the establishment of power relations was, at least, one of the motives. The Swedish government made the regulations, they decided which countries would receive aid and which policy areas should be addressed. Even if the situation in certain countries justified the continuation of assistance, shifting priorities by the Swedish government, could suddenly terminate successful – though unfinished – programmes.

According to the respondents from donor organizations they just followed the directives and regulations. Following the regulations was necessary, even if the direct results of the aid would not be positive. For instance, the respondents working within donor organizations acknowledge that hiring local actors within the recipient countries could have been profitable in achieving the goals. However, as one respondent said:

*We paid the Swedish experts 5000 SKR a day, which is a lot of money. One can ask the question why we did so? The answer is simple. We could not pay local actors in recipient-country by our rules of assistance. Thus, we paid so much to our experts so the experts could pay the local actors for their knowledge and assistance. It was our method to cover other necessary costs when conducting aid-programmes (Interview 2)*

The respondents from the donor organizations also gave examples that confirmed observations from the previous study. Not all experts and consultants they hired from consulting agencies were honest. Some projects even ended up in legal proceedings. A respondent said:

*We discovered that one Swedish consultant had bluffed his way in through falsification of invoices in Riga. He was doomed to go to prison. It was the only example I remember. We have a system that all invoices go to the Swedes because we pay to the Swedes but the same invoice has to be signed by the representative of the recipient. Sida pays only when the invoice is signed (Interview 2)*

This opinion does not coincide with the experts' experiences from our previous research, in which the respondents were complaining about the missing means to hire the local experts (Sobis & De Vries, 2005). The respondents from the donor organizations also stressed their lack of influence in other ways. According to them they did not send the experts and consultants to recipient-countries. They only paid for the expert and consultants' work while the consulting agency was responsible for the selection of experts and consultants to the aid-projects.

It is interesting that, as with the complaints of the Swedish experts and consultants about the donor organizations that created uncertain working conditions for them, the donor organizations seem to have every right to complain about the boundary conditions they have to act within. According to them, they are just small players in the field that have only a minor impact. They had limited knowledge about what was really going on in the recipient countries. They were dependent on shifting regulations made by the government, and shifting goals that did not always coincide with what was needed in the recipient countries. Their main task was to transfer money to consultancy agencies that sent so-called 'experts' and 'consultants' to do something, but of which it was far from transparent to the donor organizations what they really did.

In their own view they are not autonomous organizations able to define their own goals, and in their conception they do not conform to the criteria for charity organizations. Implicitly they are telling us to investigate the changing policies of the Swedish authorities in order to explain what really caused the sometimes ineffective aid to CEE countries. The respondents from the donor organizations depict themselves as small fish, or as pawns on a chess board. Not able to direct, but instead being pushed around, sometimes even being sacrificed for the greater objectives of a governmental player aiming for a stronger geopolitical and commercial position.

However, this is not the first time we have got such a result from our research. Recipients pointing to experts, advisors and consultants, the latter pointing to the donor organizations and these in turn pointing to the political authorities. In order to get a complete picture, it is necessary to investigate the opinions of the latter and to judge whether donor organizations are really just pawns. The research continues.

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# The EU's impact on reform in Romania: The case of the civil service

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## 1. Introduction

The 1989 revolutions that swept Central and Eastern Europe (CEE), although a common denominator for the CEE countries, produced different effects. The revolutions themselves differed in how they unfolded and showed that, even though the countries involved had all been nominally communist, there were big discrepancies between their levels of economic and political development. These differences would also be reflected in their subsequent reform processes from centrally planned to market economies and towards democratic organization.

Romania's bloody revolution shows that the political elite in power here was not eager to step down and follow the peaceful example of the societies of its neighbours, such as Poland, Hungary and former Czechoslovakia.<sup>2</sup> This experience has created deep divisions within Romanian society, which, from then on, has looked with distrust at its elected politicians. Romania also experienced a cleavage between the former communists who seized power immediately after the revolution and anti-communists represented by most historical parties that came back to life after 1989. This rift has had an important effect on the reform process in Romania, as it formed the core of a continuing dispute between two ways of life.

Immediately after the revolution Romania needed to undergo substantial reforms in order to open itself to the West and, most importantly, to face a new challenge that lay ahead and on which it embarked soon afterwards: accession to the European Union (EU). The country's policies were thus shaped by two distinct but related processes: the first was the 'double transition': democratization and econom-

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2 For an analysis of the survival of former *nomenklatura* members in power in Romania see Raluca Grosescu, "The Political Regrouping of the Romanian Nomenklatura During the 1989 Revolution," *Romanian Journal of Society and Politics*, vol. 4, no. 1, 2004, pp. 97 – 123.

ic liberalization<sup>3</sup>; the second was the accession process to the EU. Although largely complementary, these processes each generated their own demands and policy priorities, which did not always converge. Thus, Romania found itself in the difficult situation of mediating between two types of processes of fundamental change: an externally induced one represented by the European integration dynamic and an internally induced one represented by the democratization and economic reform processes.

However difficult the initial situation, and however different Romania was from the rest of the countries comprising the former communist block, it did embark on a course of reform. The country made its bid for EU accession in the early 1990s, to ensure future prosperity and as a quest to join the European family of nations, from which it had been cut off for 50 years. In 1993 Romania signed its Europe Agreement, and in June 1995 it officially applied for membership.<sup>4</sup> Starting from the middle of the 1990s, the desire to join the EU has shaped the country's reform process as a whole, as the EU's standards have become the tools to measure the success or failure of reform policies initiated by the Romanian government as part of the Europeanization process.

The main reasons for the slow advancement of the reform process were lack of political will and low administrative capacity to actually implement the reforms officially adopted.<sup>5</sup> While in the first years after the revolution there was a perceived lack of political will, as the new government was reluctant to implement structural reforms, even after the change in power of 1996 the problems still persisted. Although Romania then enjoyed a government considered pro-reformist, in-fighting within the ruling coalition led to the stagnation of the reform process. It has, however, become obvious by now that an entire body of civil servants, which has been

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3 In fact, Claus Offe and Pierre Adler speak of a triple transition for the Eastern European case, with crucial decisions regarding “identity, citizenship, territorial, social and cultural boundaries of the nation-state [...], {with} rules, procedures and rights which together make up the constitution or the institutional framework of the ‘regime’, {and only finally with ‘what is sometimes mistaken for the essence of politics’, namely the allocation of} political power and economic resources” (p. 870). See Claus Offe and Pierre Adler, “Capitalism by Democratic Design? Democratic Theory facing the Triple Transition in East Central Europe”, *Social Research*, vol. 58, issue 4, winter 1991, pp. 865 – 92.

4 G. Avery, “Endgame for EU Enlargement”, *Prospect*, July 2002, pp. 54 – 7; Pál Dunay, “Strategy with Fast-Moving Targets: East-Central Europe”, in Roland Dannreuther (ed.), *European Union Foreign and Security Policy. Towards a Neighbourhood Strategy* (London & NY: Routledge, 2004), pp. 24 – 47; or Stuart Croft, John Redmond, G. Wyn Rees, and Mark Webber, “The Enlargement of the European Union”, in Stuart Croft, John Redmond, G. Wyn Rees, and Mark Webber (eds.), *The Enlargement of Europe* (Manchester: Manchester University Press, 1999), pp. 55 – 88.

5 Lack of political will can be seen in a combination of, but not limited to, vague arguments in political discourse, lack of coordination and often duplication of activities between institutions addressing one issue, and lack of feasibility of the measures employed. See Adrian Savin, Victor Alistar, Oana Zăbavă, and Codru Vrabie, “National Report on Corruption – March 2005”, Transparency International Romania, available at: [http://www.transparency.org.ro/doc/rnac2005\\_ro.pdf](http://www.transparency.org.ro/doc/rnac2005_ro.pdf) (last accessed September 15 2005).

strongly criticized for inefficiency, lack of transparency and, at times, corruption,<sup>6</sup> has all along seconded the political elite in its unwillingness or inability to pursue reform.

## **2. Impact of administrative traditions and institutions and patterns of behaviour**

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The role of the civil service in Romania since 1989 has been, in general terms, to implement the reforms decided upon by the ruling political elite. The deep divisions that have affected Romanian society have not left the civil service untouched. A distrust of political elites has remained in place there as well, even though civil servants and elected elites together form the public administration. Many critics of Romania's reform process stop at blaming the civil service for hampering and delaying reforms through its slow and inefficient procedures and corruption.<sup>7</sup> However, it is important to recognize that the body that had to implement the reforms needed first to be itself reformed. This happened at a very slow pace and very late in the overall process. A law establishing the *New status for civil servants* was passed only in 1999. As late as it came, this legislation concerning the improvement of the civil servants' status as well as organizational procedures within the bureaucracy still left some major issues unaddressed which were generally seen as the roots of the problems encountered. Among these were the improvement of the transparency of the decision making process and measures for combating corruption, areas which began to be legally addressed only in 2003.

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6 The 2005 Transparency International report on corruption ranks Romania 87<sup>th</sup> of 146 countries surveyed. It makes direct reference to practices within the civil service that generate conflicts of interest at work. See "Global Corruption Report 2005 – Country Reports: Romania" Transparency International, available at: [http://www.globalcorruptionreport.org/gcr2005/download/english/country\\_reports\\_k\\_z.pdf](http://www.globalcorruptionreport.org/gcr2005/download/english/country_reports_k_z.pdf) (last accessed July 4 2005).

7 Let us cite three such statements: "At this point in time, it is the weak administration and judicial capabilities, as well as the underperforming economies of the two countries that slow down the effective and sustainable convergence with the Union's political and economic life." (Aneta Spendzharova, "Bringing Europe Back In? The Impact of EU Conditionality on Bulgarian and Romanian Politics, *Southeast European Politics* vol. 4, no. 2, 2003, p. 144). "The positive tendencies of strengthening the institutions, consolidating the party system, separating the powers, decentralising certain aspects of governance have co-existed with the negative ones of political clientelism, criminalization of the economy and society, partisan control of the administration and, quite often, of the judiciary." (R. Kolarova, "Democratisation in Bulgaria: Recent Trends," in M. Kaldor and I. Vejvoda (eds.), *Democratisation in Central and Eastern Europe* (London: Pinter, 1999), pp. 151–160). "A huge stumbling block for reforms has been the continuation of former communists in political power in the first years of transition, which has sidelined pertinent issues of democratisation and liberalisation." (Venelin I. Ganey, "The Separation of Party and State as a Logistical Problem: A Glance at the Causes of State Weakness in Postcommunism," *East European Politics and Societies*, vol. 15, no. 2, 2001, pp. 389–420). See also Victor D. Bojkov, "Neither Here Nor There: Bulgaria and Romania in Current European Politics", *Communist and Postcommunist Studies*, vol. 37, no. 4, 2004, pp. 509 – 522.

The question arises as to why the Romanian civil service still has not undergone a thorough reform process even today, thus crippling the pace of reforms in all other policy areas. The answer lies in large part in the lack of political will of the ruling political elite, both before and after 1996, as it has seen a weak administration better suited to its own intentions of micro-managing the pace and the results of reform. In other words, not facing a more independent and more highly qualified civil service has allowed political elites a free hand in deciding the direction of the reforms and almost total control in their implementation. It has enabled them to re-direct and even hijack reforms in order to consolidate their own status as political elites; in the process they have become infamous for using public money for either their own personal benefit or for financing the party which put them in their high positions in the first place.<sup>8</sup> Sadly, no government since 1989 can safely claim to have had no members who fit this picture.<sup>9</sup>

This must not, however, lead to the conclusion that the civil service was a stranger to such elite strategizing or merely a victim of the delayed transition process, as it has not shown any visible signs of resistance to the practices employed by the ruling elite. Fifty years of secrecy, manipulation, and generalized corruption have taken its toll on the public administration, especially on the bureaucracy, which even in developed democracies seems often sluggish when it comes to fundamental change and unwilling to reform itself. The civil service in Romania has proven to be predictably defensive and resistant to change, and it entered a symbiotic relationship with similarly minded elected elites. In the process, it has become a tool in the hands of the political elite rather than playing an active role in the reform process. This has led not only to a poor performance in terms of realized reforms but also transformed the civil service into a subsidiary of the political class rather than granting it a greater extent of independence, which might have helped stimulate the reform process.

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8 Aurelian Crăiutu's label for the pattern of relations that developed during the first presidential term of Iliescu is "perverse institutionalisation"; thus, he refers to the broad and ill-defined powers of the executive, to the existence of policy domains exempt from the control of elected officials, and to the emergence of widespread clientelism: Aurelian Crăiutu, "Light at the end of the Tunnel: Romania 1989 – 1999", in Geoffrey Pridham and Tom Gallagher (eds.), *Experimenting with Democracy: Regime Change in the Balkans* (London: Routledge, 2000). See also Florin CIORNEI, "Modificarea componenței structurilor centrale de conducere ale PDSR/PSD", *Studia Politica. Romanian Political Science Review*, vol. IV, no. 1, January 2004, pp. 105 – 158. The author discusses in great detail the changes in the leadership structures of the PSD and its previous avatars, contextualizing these amidst the accusations of corruption or at least dubious legality that have led to this party's subtitle as the "party of businessmen with state-related interests" (p. 116).

9 For more examples and an institutional explanation, see Steven D. Roper, "The Influence of Romanian Campaign Finance Laws on Party System Development and Corruption", *Party Politics*, vol. 8, no. 2, 2002, pp. 175 – 192.

### **3. Europeanization, conditionality, and public administration in Romania**

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Europeanization has been defined by Ladrech as “a process reorienting the direction and shape of politics to the degree that the EC political and economic dynamics become part of the organizational logic of national politics and policy making.”<sup>10</sup> The *Europeanization* process is especially significant for the central and eastern European countries as it includes the infusion of norms and practices into the national arena at the level of domestic policy making and political discourse, while the European *integration* process is focused more narrowly on institution-building and assuring compatibility with similar institutions and policy coherence in the European arena, both at the member state and at the supranational level.

Building on Ladrech, Radaelli has broadened the definition of Europeanization to include “processes of a) construction, b) diffusion and c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’, and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then integrated in the logic of domestic discourse, identities, political structures and public policies.”<sup>11</sup> This expansion on Ladrech’s definition is significant since it places the emphasis on norms and shared beliefs rather than formal institutional dialogue between two political entities. This broadens the research spectrum but also makes the process more diffuse and more difficult to assess.

This problem also affects the present analysis. While there are certainly “European” norms and values guiding the process of public administration reform in Romania, there is no specific institutional model prescribed by the EU, making it difficult to assess any direct causal linkage between adaptation pressures and actual changes in domestic policy in the field of public administration. Although institution-building in Central and Eastern Europe has been both a priority and a challenge, especially early on in the post-communist period, it is not difficult to trace this process as part of the overall process of post-communist reform. However, doing so leads only to partial results, as institution building is only part of the overall reform process. The other part consists in propagating the values and “ways of doing things” that can actually render the new or reformed institutions effective and efficient.

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10 Robert Ladrech, “Europeanization of Domestic Politics and Institutions: The Case of France”, *Journal of Common Market Studies*, vol. 32, no. 1, 1994, p. 69.

11 Claudio Radaelli, “The Europeanization of Public Policy”, in K. Featherstone and C. Radaelli (eds.), *The Politics of Europeanization* (Oxford: Oxford University Press, 2003), p. 30; see also Dimitris Papadimitriou and David Phinnemore, “Europeanization, Conditionality and Domestic Change: The Twinning Exercise and Administrative Reform in Romania”, *Journal of Common Market Studies*, vol. 42, no. 3, 2004, p. 621.



The case of Romania is significant in this respect, as the country has a long history – dating back to the reform process in the interwar period – of institutions that mimicked their western counterparts but were devoid of the relevant values, meaning that they lacked both the spirit and the internal mechanisms that rendered the original institutions functional and efficient.<sup>12</sup> This article focuses on the domestic level, analyzing the evolving balance of power between political elites and the civil service in Romania and the ways in which the European accession process has affected the internal dynamic of this relationship.

#### **4. “The wolf sheds its fur but not its habits”<sup>13</sup>: Impact of administrative traditions and patterns of behaviour**

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The transition from the ‘communist’ regime that dominated Romania for half a century to a democratic, market-oriented society has not been a smooth one. Reforms were difficult to introduce, as the communist legacy, formally or informally, lingered on. The pervasiveness of the old regime was enhanced by its peculiarity, which also set it aside from the rest of the regimes east of the Iron Curtain.

One unique feature of Romania’s pre-89 regime was that the one-party rule of the communist countries was taken a few steps further here to become one man’s rule, the personalized regime of Nicolae Ceaușescu. The concentration of power in the hands of one man meant that, unlike in other communist countries in the region, in Romania there were no checks and balances even within the communist party, which became more and more the instrument of not just one political elite but just one family, the Ceaușescu family. This feature led to Romania becoming an enclave separated from not only the world at large but even from the ‘communist bloc’. The effect of such a peculiarity on Romania’s development, even during communism, was immense. Spill-over reforms, stemming either from the need to cope with the larger problem of enforcing state ideology or from influences from elsewhere within the communist block, where different policies were being tested, hardly affected Romania. While the administrative apparatus (including the number, attributes, and prerogatives of the ministries and agencies) was frequently reshuffled, changes did not accumulate to form a consistent trajectory of reform or progress. The political elites were either against reform altogether or interpreted it to require no more than mere reshuffling, a characteristic that seemed to linger on even after the demise of the communist regime.

Another relevant feature of the Ceaușescu regime was the personalization of office. The total domination of politics by one man was re-enacted on smaller scales

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12 Romanians are well-aware of this phenomenon, which is commonly labelled “forme fără fond” – “forms without substance”.

13 This is a well-known Romanian proverb, in the original “Lupul își schimbă părul, dar năravul ba”.

down to the lowest ranks of the political-administrative apparatus. There seemed to be a considerable amount of inertia in the relationship between offices and their holders, unless of course change was commanded from the top. Once appointed, officials in top positions would seek to prolong their stay in office for as long as they could. This would generally happen at the expense of the productivity and/or efficiency of the institutions they were in charge of, since, having to constantly prove their loyalty to the communist party, they would become hardliners in party ideology and policy, refusing to implement any type of reform that might even remotely jeopardize their positions.

The reform progress after 1989 with respect to the civil service must be monitored against the background of the communist legacy, as its impact is still clearly visible in the Romanian public administration today. The accession process to the European Union, through the reforms needed to bring Romania to EU standards, would also need to affect the balance of power between the political elite and the civil service.

The policies employed by the successive post-communist governments would, however, address this issue only partly, as the lack of an EU model for public administration would allow decision-makers a rather free hand in determining the types and pace of reforms aimed at developing a politically independent, qualified and motivated civil service corps. Generally speaking, the problems that were present during communist times did not disappear; some of them were not even openly addressed, leaving also political-administrative relations largely unreformed. Positions in the upper levels of the civil service continued to be distributed based on party loyalty, a practice known as 'political clientelism'.<sup>14</sup>

A related weakness of post communist political-administrative relations has been the exclusion of civil servants from the policy development process. The potential role of civil servants as professional advisors on policy matters has been disregarded, as politicians have relied heavily on political advisers from outside the civil service when it came to policy development. Although the communist period has had a negative effect on the civil service's ability to produce coherent policies appropriate for the new circumstances, the true main cause for keeping civil servants away from policy formulation was political clientelism. Administrators were granted positions of influence on the basis of their likely future use to a party or

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<sup>14</sup> For a discussion of the origins of patronage and clientelism (terms otherwise used interchangeably in the literature), their association with parties and the civil service and the prospects of taming them, see Luis Roniger, "Civil Service, Patronage and Democracy", *IJCS*, nos. 3 – 4, 1994, pp. 207 – 220. An excellent literature review with a reference to Eastern Europe and new democracies in general is offered by Oleh Protsyk and Andrew Wilson, "Centre Politics in Russia and Ukraine: Patronage, Power and Virtuality", *Party Politics*, vol. 9, no. 6, 2003, pp. 703–727. For an illustrative case of how these mechanisms function, including the associated perils, see Carolyn WARNER, "Political Parties and the Opportunity Costs of Patronage", in *Party Politics*, vol. 3, no. 4, 1997, pp. 533 – 548.

interest group powerful enough to maintain them, regardless of their managerial skills or other professional qualifications.

A general problem affecting the reform of political-administrative relations throughout the CEE is that of trust. Are new governments willing to work with the same civil service that they find in place once they gain power, or do they feel threatened by it, as they see it as a Trojan horse of the former government that will systematically undermine their governance? In Romania's case there was little incentive for the first government to initiate a reform of the civil service, as, although the revolution was a bloody one, the political transition that followed did not reflect the radical impulse for renewal of the revolution. In the mid 1990s, however, while most Central and Eastern European countries were experiencing what Vaclav Havel named 'the velvet restoration', Romania was experiencing the first real change in power, as pro-democratic forces, which came together in a grand coalition, won the 1996 elections.

The relation between political elites and civil servants in Romania can be generally described as belonging to a 'regime allowing hidden politicization.'<sup>15</sup> Although a set of norms is in place – mostly inscribed in written laws – that aims to transform the civil service into a politically independent and professionalized corps, political interference is still present, due either to loopholes in the legislation or to powerful unwritten norms which at times take precedence over the written ones.

Civil service legislation has been a difficult and contested issue in all central and eastern European candidate countries, and all may have taken advantage of the lack of an *acquis* concerning public administration. Hungary, for example, has been the pioneer in administration reform, with a new civil service law being enacted as early as 1992.<sup>16</sup> However, as Verheijen and Rabrenovic rightly point out, the impact of this civil service reform has been limited and has not produced the "expected spin-off in terms of developing the role of civil servants in policy formulation."<sup>17</sup> Meanwhile, as Romania was approaching the end of the millennium, a new law for the civil service was still not in place. Although the ruling elite tried to solve several problems by way of related pieces of legislation, such as the freedom of information law, this was clearly not enough, as root problems persisted.

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15 Jan-Hinrik Meyer-Sahling, "Personnel Policy Regimes, Political Discretion and Civil Service Reform in the CEE," paper presented at the ECPR Conference, Turin, March 22 – 27.

16 Attila Agh, "Public Administration in Central and Eastern Europe", in Guy Peters and Jon Pierre (eds.), *Handbook of Public Administration* (London: Sage Publishing, 2003), pp. 536 – 548.

17 Tony Verheijen and Aleksandra Rabrenovic, "Politico-administrative Relations in Central and Eastern Europe: An Irresolvable Stalemate?", paper presented at the NISPAcee Conference, Sofia, 1999, p. 13.

Romania finally passed new civil service legislation only in 1999.<sup>18</sup> However, this legislation, modified since then no less than eleven times, only sketched out the principles guiding the civil service and the division among the different classes and types of civil servants. Further reforms were needed, and partly came in the form of the Civil servants' code of conduct in Law no. 7/2004. The newly set up National Agency for Civil Servants was put in charge of addressing cases of misconduct in the civil service corps. A report published by the Agency regarding cases of misconduct between August 2004 and June 2005 shows that 252 civil servants have been investigated under the law, with only seven cases resulting in the severance of work relations.<sup>19</sup>

An odd effect of the civil service law was that it “froze” the moment at which the law was passed and transformed everyone working in the public administration at the time into a civil servant, with an indefinite contract. Thus, the civil service in Romania now comprises a staggering 110,426 civil servants<sup>20</sup>, out of which more than half, 64,497, are working in the central administration.<sup>21</sup> This is partly a result of the great number of ministries in the post-communist period, compared to the average number of ministries in other acceding countries. What is remarkable in terms of reform is that shrinking the number of ministries did not lead to a decrease in the number of civil servants, their number remaining constant.

The government's influence on the civil service is best seen in personnel policy as, although the legislation in the field regulates the civil service corps per se, its size and remuneration prerogatives are still in the hands of the political elites. Not only the power over wage policy is important here, but also the overall structure of the civil service. Although no government has even attempted a structural reform of the civil service through wage policy, governments have exercised an important influence on shaping the civil service corps. The government has the power to freeze positions within the civil service overall, or target a particular ministry or agency. This was considered an important tool due to the endemic distrust of political elites in the civil service. This distrust made elected elites feel the need for civil servants

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18 The Civil Servant's Act 188/1999, re-published in the Official Journal 251 of 22 March 2004, after no less than 11 modifications through governmental emergency ordinances and subsequent legislation.

19 Report on “Monitoring the enforcement of law no. 7/2004 regarding the Civil Servants' Code of Conduct” (period between August 2004 – June 2005), issued by the National Agency of Civil Servants on July 2005, available at: <http://www.anfp-map.ro/datastore/Strategii%20si%20rapoarte/Rapoarte/raportare%20legea%207%20pt.%20site%20gata.doc>, (accessed on July 26, 2005).

20 For example the number of Polish civil servants slightly exceeds 117,000 persons for a population of almost double the size of that Romania. For more information see “System of the civil service” issued by the Office of the Civil Service, available at: <http://www.usc.gov.pl/gallery/24/249.doc> (last accessed on February 14, 2006)

21 National Agency for Civil Servants, “Information on the Structure of the Civil Service Corps”, 2004, p. 7, available at: [http://www.anfp-map.ro/index.php?module=material&module\\_page=analize](http://www.anfp-map.ro/index.php?module=material&module_page=analize), (accessed on July 27, 2005).

who ideologically approved of their policies, as otherwise they might undermine their implementation, and eventually the government itself. It is due to this fear that all governments have made it clear that an important part of their reform efforts was actually removing people from office, even as, when in opposition, they harshly attacked their rivals for “political cleansing.”<sup>22</sup>

Civil servants’ positions are filled at the discretion of the government through the centralized body of the National Agency for Civil Servants (NACS). The Agency monitors the positions in the public administration and must give its approval on positions to be opened to competition. Thus, all civil servants positions, especially decision making ones, have to be approved by the NACS.<sup>23</sup>

During the course of Romania’s accession process, the evident problems with administration reform began to affect the European integration process, since the immense body of European legislation that formed the community *acquis* needed not only to be turned into national legislation but also required a professional body of civil servants, politically unencumbered and accountable, in order to implement the new legislation. The European Union made clear from the beginning that compatibility with EU norms and practices was crucial in this field and started to monitor the administrative capacity of Romania to adopt and implement the *acquis*. This made administration reform a *de facto* central part of the accession process, although there was no European legislation that directly affected public administration, let alone the organization and functioning of the civil service. This particularity of the negotiation process renders the impact of the EU on the relations between the political elites and the civil service in accession countries difficult to assess, as influence is less direct than in other areas. The next section will show that some influence is exerted by the EU to the benefit of reform-minded civil servants, although it is difficult to claim that the EU has done all it can to stimulate a modernization of the Romanian public administration and the development of a professional civil service.

## 5. Impact of Europeanization on politico-administrative relations at ministerial levels in Romania

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Romania’s bid for accession to the EU presented the country with one of the most challenging and important processes in its recent history – the European integra-

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22 In mid-2004 the government in power froze the positions in the civil service until the end of the year, meaning not only that no new positions were offered to be filled but also that the restructuring of institutions was impaired (which could have been a method for laying-off people). This was seen as an attempt to stop “political cleansing” in case the government lost the elections in November and to counteract the effects of the opposition having gained ground in the local elections just before.

23 For example, unless it is part of the approved personnel structure, the creation of a new position, must be forwarded to NACS for approval.

tion process. The pre-accession process is characterized by an adaptation of the economic and political spheres to a common denominator within the European Union in order to allow for a smooth enlargement of the organization. However, the common denominator has not at all been easy to reach for Romania, as either certain standards were set too high or certain social forces were resistant to change, making the pre-accession period a very difficult one.

The European Union, from the early 90s onwards, has become a constant focus in Romania's politics, as the integration process was considered synonymous with the development and modernization of Romania after the dark ages represented by the communist regime. This is why the accession process was almost unanimously considered a historical chance for Romania. Reforms were needed in any case in order for Romania to function as a credible state in relation to its western democratic neighbours and on the world stage. When the European Union decided to reward these reforms, which many considered necessary and good, with the promise of membership, this was seen as a long, hoped-for victory in defiance of a history which had been so ruthless to Romania in the past. There was a catch, however.

First, the reforms needed to be implemented in a very short period of time with significant implications for the population. Secondly, there were conditions attached to the reward of membership, in the form of specific types of reforms that needed to be pursued. The path to economic and political reform was broadly sketched by a *mélange* of institutional designs coming from the EU but also from other international organizations, such as the IMF and the World Bank. In particular, certain macro-economic policies were preferred over others, as the end result needed to resemble the internal dynamics of the European Union as much as possible and as powerful interests within the EU sought to shape the transitions in the CEE to their own advantage.<sup>24</sup> The Union has developed a wide range of mechanisms to be used in the reform and decision-making processes at the domestic level. This has created the idea of the EU as an ever-watchful eye. All these factors combined allow it to exert unprecedented influence on the reform process in Romania, ranging from restructuring domestic institutions to designing entire public policies.

However, the EU has not dictated every step of the accession process in terms of the methods that needed to be employed to achieve goals, be it through specific pieces of legislation or ministerial reorganizations. While retaining the upper hand in the negotiations and ultimately in the entire reform process, the EU relies on its 'soft power' to stimulate change in its candidate countries.<sup>25</sup> Rather than seeking top-down uniformity in the political-administrative systems of the newly acceding countries, a process the EU does not and cannot enforce even in its own space, the

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24 Tom GALLAGHER, *Romania after Ceaușescu* (Edinburgh, Edinburgh University Press, 1995).

25 The concept of "soft power" has been pioneered by Joseph Nye. See his article "Soft Power," *Foreign Policy*, Vol. 80, Fall 1990, pp. 153 – 172.

emphasis is strongly placed on the domestic arena in the acceding state which must fulfil the accession conditions.

The European Union policy towards the CEE countries is generally described as a policy of conditionality. EU conditionality has been defined as a 'bargaining strategy of reinforcement by reward.'<sup>26</sup> This means that there is a continuous exchange of ideas about the reform process between the domestic and EU arena rather than an explicit formula provided at the beginning of the accession process and used as a standard of evaluation at the end. The continuous evaluation of the reform process by the EU often leads to a perceived intrusion of the EU into the domestic arena. Thus at times the EU has been criticized by the Romanian media for what seemed to be overly direct interference in the reform process. Moreover, the EU does not only act as a quasi-internal player within the policy-making process inside Romania, but its decisions and reports, usually critical in nature, have a definitive impact also on Romania's relations with other players, such as international financial institutions, that can seriously affect the pace and even direction of the reform process.

The decision of the European Commission to monitor progress towards accession by means of annual reports beginning in 1998, has propelled the EU to the status of an active player in the domestic arena of accession countries, able to influence the domestic policy-making process significantly. European guidelines, comments and opinions have often been regarded as providing the standards against which governmental performance could be rated or by which certain policies could be considered successful or not. Opposition forces have always used the EU's monitoring instruments to show the inability or unwillingness of the government in office at the time to pursue structural reform (usually considered due to poor policy formulation and lack of expertise of the decision makers). This was partly justified, as reforms were generally delayed, or even backfired. We must also keep in mind that the EU's reports were consistently rather critical in nature and, ironically, whenever opposition forces managed to win the elections and replace the government in power, the reports kept their critical tone, unveiling an endemic inability of the entire political class to address and pursue structural reform in line with the EU's expectations.

Thus, paradoxically, the European Union has displayed an impressive leverage in guiding the reform process while at the same time proving unable to impose reform. This apparent contradiction stems from the fact that, as stated earlier, EU policy towards the CEE countries favoured reinforcement by reward rather than penalizing unwillingness to pursue reform. Thus, "carrots" were favoured over "sticks" – the EU relies heavily on encouraging governments into pursuing reform by the huge incentives ahead, i.e. membership of the EU, while having few means at its dis-

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<sup>26</sup> Frank Schimmelfennig and Ulrich Sedelmeier, "Governance by Conditionality: EU Rule Transfer to the Candidate Countries of Central and Eastern Europe", *Journal of European Public Policy*, vol. 11, no. 4, August 2004, p. 662.

posal for punishing non-compliance.<sup>27</sup> This is why we can consider Europeanization as mainly an internally-driven process. It also helps explain not only the differences in the pace of reforms and ultimately the level of development achieved between the accession countries but also the wide range of policies employed across central and eastern European space that led to different EU-compatible results.

The mechanisms by which the EU offers incentives for compliance with European norms and regulations that ultimately meet the Copenhagen criteria far exceed the mechanisms for correction of unwanted or unproductive behaviour that could hijack the reform process in both scope and frequency of deployment. Both types of mechanisms are employed simultaneously, giving the EU the power to directly or indirectly shape the course of the reform process. They range from the most deterrent and difficult to put into practice – the control of progress through the stages of accession – to the most alluring to the poorer countries of the CEE, which is control of access to EU funds. Control of progress through the stages of accession ranging from Europe agreements to opening negotiations and later actual membership, also called gate-keeping,<sup>28</sup> is difficult to put into practice. Although a post-communist country in CEE may experience internal problems and prove a laggard in the reform process, it would take a gross violation of democratic principles to deny it progress to the further steps in the integration process. By means of the pre-accession funds, on the other hand, the EU has become actively involved in the reforms as a financer of the integration process. Among intermediate mechanisms of influence we can find benchmarking and monitoring, providing legislative models and institutional templates, and giving advice and twinning. Through these mechanisms the EU has successfully bypassed the highest level of negotiation between independent and sovereign states, which was traditionally associated with signing treaties. Being a non-traditional and multi-level player, it has managed to be present at different levels in the process of policy formulation as well as implementation, directly impacting on a wide range of social players albeit at different paces.

Although in the different reports on Romania's progress toward accession, the European Commission has identified the core problems of the Romanian public administration that support its inefficiency and openness to corruption – such as “cumbersome procedures, a lack of professionalism, inadequate remuneration and

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27 Frank Schimmelfennig, “Introduction: The Impact of International Organizations on the Central and Eastern European States – Conceptual and Theoretical Issues”, in Ronald Linden (ed.), *Norms and Nannies: The Impact of International Organizations on the Central and East European States* (Lanham, Rowman & Littlefield, 2002), pp. 1 – 32.

28 The methods employed by the European Union in relation to the acceding countries have been categorized by Heather Grabbe in “How Does Europeanization Affect CEE Governance: Conditionality, Diffusion and Diversity”, *Journal of European Public Policy*, vol. 8, no.6, 2001 pp. 1013 – 1031.



poor management of human resources” –<sup>29</sup> the responses and guidelines to address these issues are more than lax. They range from the harsh but apparently inconsequential – “limited progress has taken place”<sup>30</sup> – to the more optimistic “implementing procedures need to be clarified and made more transparent.”<sup>31</sup> Thus, although the EU is very critical of the progress made by Romania, its recommendations to address the issues are very general in nature. The discrepancy between the analysis and the responses of the EU has also contributed to the slow pace of reforms. The EU not only lacks enforcement tools to ensure compliance but also restrains itself in setting out a desired course of action in an area still perceived as a matter of domestic policy. This can also be seen in the response mechanisms the EU has set up in the area of institution-building in public administration, in the context of the PHARE projects.

Of all social players the EU has been most closely linked to public administration in general and the civil service in particular, since the greatest challenge of the accession process – the adoption and implementation of the *acquis* – has been mainly the responsibility of the civil service. The most attractive mechanism to facilitate compliance – money – materialized in the pre-accession funds, PHARE, ISPA and SAPARD. Out of the three, PHARE was by far the most important, focusing on two priorities: institution-building and investment support. While the latter seeks to encourage investment, primarily by helping to bring infrastructure in line with European standards, the former is of particular interest to this research, as it focuses on strengthening the administrative and institutional capacity of the public administration in order to enable it to fully implement the *acquis*.<sup>32</sup>

PHARE projects have been designed both to assist in and offer expertise on broad policy areas linked with the chapters of the *acquis* as well as targeting core ministries or other public institutions with the task of improving performance and expertise within the respective institutions. In the second category, twinning projects are those projects in which Romanian civil servants are seconded by pre-accession advisers (PAAs) from the member states’ civil services for a minimum of one year with the task of importing know-how on the implementation of the *acquis* to national and local administrations. Other PHARE projects focus on institutional development through which public institutions can benefit from EU expertise in areas ranging from human resources management (often the result is a new organi-

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29 European Commission, *2003 Regular Report on Romania’s Progress towards Accession*, available on: [http://www.infoeuropa.ro/ieweb/imgupload/2003\\_Regular\\_Report\\_00002.pdf](http://www.infoeuropa.ro/ieweb/imgupload/2003_Regular_Report_00002.pdf) (accessed 11 September 2005).

30 European Commission, *2003 Regular Report on Romania’s Progress towards Accession*, p. 15.

31 European Commission, *2004 Regular Report on Romania’s Progress towards Accession*, p. 16, available on: [http://www.infoeuropa.ro/ieweb/imgupload/RR\\_RO\\_2004\\_EN\\_FINAL.pdf](http://www.infoeuropa.ro/ieweb/imgupload/RR_RO_2004_EN_FINAL.pdf) (accessed September 11, 2005).

32 The information presented here can be obtained at the website of the European Union: <http://www.europa.eu.int/scadplus/leg/en/s40000.htm#ROU> (accessed July 23, 2005).

zational chart of the respective institution) to marketing strategy, training on EU-governance issues, and the highly popular study trips during which Romanian civil servants obtain first hand experience in similar institutions within the EU.

PHARE projects have enabled EU experts to establish a direct link with lower echelons of the Romanian civil service, with implications for the power relations between political elites and the civil servants benefiting. However, they have had mixed results, as initial expectations did not usually match the situation on the ground. The Romanian “way of doing things” has proved a threat to the success of these projects even from the beginning, as over-bureaucratization, cumbersome procedures and lack of expertise have delayed even the start of the projects. Many EU experts have complained that the period between the selection of a project and its actual commencement sometimes exceeded 12 months, a time during which the initial situation changed drastically, so that the project had to be revised.<sup>33</sup> As soon as they arrived, they stumbled upon a major problem inherent in Romanian public administration: a rigid hierarchical structure, which deterred any junior staff from taking initiatives. Moreover, with a salary of roughly 100 euro per month, many civil servants did not think it worthwhile taking on the workload that the reform process entailed. Politically connected civil servants knew that they would pursue a career that would not really be based on performance in office, while the civil servants who wanted to pursue a performance-based career saw their chances diminished by the informal rules of the system and started migrating to the private sector, where both salary and working conditions were better.

PHARE projects in general became important in this context because they could alter the internal dynamics of the civil service to the benefit of its more reform-minded elements. Many of the young, highly qualified staff, frustrated by the habits of the dinosaur-like senior officials operating on the basis of political patronage and personal friendships, saw in these projects a chance for rapid affirmation and promotion. Close working relations formed between the young and pro-reformist elements in the Romanian public administration and pre-accession advisers mainly because the former were the only public administration officials who did not mind the workload entailed in the integration process and were among the few for whom the language barrier was not a problem. Another reason was that the higher echelons of the civil service did not feel threatened by the newly created partnership as they still retained the decision-making power. The close working relationships between the PAAs and the reform-minded civil servants could not by themselves guarantee the implementation of the projects' objectives. Ultimately, successful implementation depended on the efficiency of the entire bureaucracy and the reform commitment of its political leadership. This is how the mixed results of the PHARE projects, and especially the twinning programs, can be explained and what justifies

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33 Dimitris Papadimitriou and David Phinnemore, “Europeanization, Conditionality and Domestic Change: The Twinning Exercise and Administrative Reform in Romania”, *Journal of Common Market Studies*, vol. 4, no. 3, 2004, p. 632.

the suggestion that “an achievement rate of 10 – 15 percent of the projects’ stated objectives should be considered a success”.<sup>34</sup>

This relative failure of the PHARE projects also stems from their original design. The European Union originally conceived these projects as “demand driven”.<sup>35</sup> This meant that, although the framework and procedures had been established at the EU level, the express intent and application for aid had to be formulated within the national administration. Even if later PHARE aid was concentrated exclusively on priorities for accession, as defined by the Council in the Accession Partnerships, the problem still remained. The procedure for accessing funds was generally seen as over-bureaucratized and required thorough knowledge by the Romanian civil servants of the “modus operandi” at the EU level. Instead of simplifying the procedure the EU chose to run training programs, funded by PHARE as well, aimed at training civil servants in the procedures employed by the EU. Nevertheless – given the fact that the Terms of Reference for the respective projects were still being written in the country – the lack of overall expertise in identifying the core problems and in “talking the talk” of the EU funding machine led to a series of badly written projects. Some lacked correspondence between project activities and objectives, while others were simply too ambitious, usually underestimating the real bases of the problems they faced.<sup>36</sup>

The fact that the projects have had to be designed in Romania has contributed to the notoriously low absorption capacity for PHARE funds that the country experienced. To human resources constraints were added financial constraints, as the projects require co-financing from the state of up to 25 percent of the allocated sum.<sup>37</sup> Romania has so far succeeded in spending only 19 per cent of the PHARE funds allocated to it. The main reasons for such a low figure, in short, are insufficient expertise in writing projects, important personnel fluctuations, bad management of the tendering process, lack of a complete legal framework, co-financing requirements, and corruption.<sup>38</sup>

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34 Dimitris Papadimitriou and David Phinnemore, “Europeanization, Conditionality and Domestic Change: The Twinning Exercise and Administrative Reform in Romania”, *Journal of Common Market Studies*, vol. 4, no. 3, 2004, p. 634.

35 David Bailey and Lisa de Propriis, “A Bridge Too Phare? EU Pre-accession Aid and Capacity Building in the Candidate Countries”, *Journal of Common Market Studies*, vol. 42, no. 1, 2004, p. 78.

36 Cases of corruption were also found among EU-funded projects, as a very inefficient system of control over the management of the funds was in place. The most notorious case is that involving the former Minister of Integration, Hildegard Puwak: In 2003 BBC Romania reported that some companies owned by her husband and son received non-reimbursable EU funds. The Romanian Government led by Adrian Năstase at the time took her side in the matter as the official stance was that she did not break any law. She was not indicted, but resigned in October of same year.

37 Thus, competition takes place also for domestic funding that can allow access to EU funds.

38 Interview with Erich Unterwurzacher, head of the ISPA Unit of the European Commission, *Adevărul*, 22 August 2005.

PHARE projects have not had a generalized effect on the relations of the civil service with the political elites in Romania. Of course they were not designed with such an effect in mind in the first place. However, there have been indirect and precise effects through the constant exposure to the EU of civil servants working directly with PHARE.

Thus, a by-product of project activities was the creation of 'islands of expertise' in the public administration in which civil servants, generally young and open to reform, acquired expertise in their respective fields as well as solid knowledge on European affairs. Because such expertise was needed, they were also empowered in their respective institutions. Unfortunately for reform efforts, their influence could not spread, as persistent traditional norms within the public administration hampered the spill-over effect that the PHARE projects could have had. The frustration thus experienced has also led talented civil servants, upon completion of the projects, to leave the public sector, as their chances of advancement remained fairly slim while their qualifications had improved.<sup>39</sup> Thus, even as EU institutions have repeatedly recognized the crucial role of modernizing public administrations for the entire process of pre-accession reform, it has done little to ensure that its influence on the reform process would extend to this sector and thereby support implementation and make reform sustainable.

## **Conclusion**

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The impact of the European Union on the power relations between the political elites and the civil service corps in Romania is difficult to assess, due to the EU's limited capacity for enforcing reforms, coupled with the lack of a European recipe for the development of an efficient and qualified democratic public administration. EU experts, although present at different levels within the public administration thanks to EU-funded projects, have found it very difficult to achieve initial objectives due to the particular features of Romanian public administration. They soon found that, even if a project had been approved, its success relied in most cases not simply on the results it delivered but rather on their effective integration into the reform process, which, in turn, required the support of key decision makers within the public administration, usually senior civil servants who have been working in the system for over 20 years.

This is not to say that the impact of the EU has been negligible, but rather that it has not been uniform across the entire public administration and does not enjoy the same intensity and effectiveness where it does occur. The causes of such limited

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<sup>39</sup> Personal experience in a PHARE project of the first author supports this assertion, as more than half of the project's personnel left upon completion, although a clause for working in the public administration for at least one year afterwards was part of the contract. The lack of opportunities corresponding to personal qualifications was the main reason cited.

success must be sought not only in the proverbial inability or unwillingness of the Romanian public administration to reform itself, but also in the way the European Union decided to tackle administrative reform in Romania.

The EU's response to the challenges of reform in Romania can be characterized as follows: a preference for incentives rather than threats; the absence of an EU model for public administration; and an original design flaw in the EU's presence in the Romanian public administration.

First, only rewarding compliance and refraining from any coercive measures in case of non-compliance has induced a relaxed approach to integration which continued to be perceived as mainly a political problem. This has been generally true for the entire integration process and across all chapters of negotiations. The fact that, even after the signing of the Accession Treaty, Romania has been disciplined with a safeguard clause shows that the reform process has been pushed back by Romanian authorities until the latest stage possible.

Secondly, in the particular field of public administration the situation is even more complicated, as the EU has no European model that it can ask the accession countries to comply with. Although SIGMA – a joint-initiative program of the OECD and the European Union – has outlined European principles for public administration (among these being reliability, predictability, transparency, and a basis in law) there is no methodology for how to put these abstract principles into practice or how to monitor their implementation in the developing public administrations of central and eastern European countries.<sup>40</sup> The European Union, although it supports the SIGMA program, has not adopted its analysis and recommendations in the official discourse of the negotiation process, which has led to their being mere reference points rather than part of the accession program. This is reflective of the European Union's general stance on public administration, as there is no *acquis* in the field that the acceding countries must implement. The European Union itself is characterized by a multitude of public administration traditions that have proved too strong so far to bring together under an EU banner. Thus, although the European Commission monitors the administrative capacity of the acceding states and publicly expresses its opinions and, most of the time, its criticism in the Regular Reports, there is little the organization can do in terms of enforcing reform within the public administration of Romania. It is ironic that the most influential external player in Romania's reform process, to which the success or failure of integration can be attributed to a large extent, lacks a developmental model of its own.

Thirdly, the original design flaw in the European Union's response to the challenges in the field of public administration through EU funded projects has its double origin in an incorrect assessment of the initial situation in Romania and the idea

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40 SIGMA paper no. 27: "European Principles of Public Administration", available at: <http://unpan1.un.org/intradoc/groups/public/documents/NISPAcee/UNPAN006804.pdf> (accessed on July 12, 2005).

that national administrative traditions in the EU are too strong and too diverse to legitimize any intervention in the acceding countries. For these reasons the EU has failed from the beginning to tackle the root problems of the Romanian public administration, making the emancipation process of the more technically skilled, less politically encumbered, and more reform-minded elements of the public administration a precarious by-product rather than a central objective.

The failure to focus on a transformation of the relations between the political and civil service elements of the public administration has led to a patchy impact of the Europeanization process on these relations. Departments within core ministries dealing with European integration have, generally speaking, attracted the more reform-minded elements of the civil service. This has contributed to the creation of enclaves of qualified, more politically independent and mostly young civil servants. Their number is, however, limited and their links to the European arena are still too weak to overcome the persistently anti-reform internal patterns of public administration in Romania.

Unless widespread reform is introduced across the realm of public administration and a situation is created in which civil servants are motivated by a transparent, fair, merit-based, and competitive system of payment and professional advancement, the situation will not change dramatically. There is already a trend of "brain drain," by which qualified civil servants, once they have acquired expertise in the public sector, leave for better conditions either in the private sector or in international and non-governmental organizations. We can also predict a future trend: With the accession of Romania to the European Union in January 2007 or 2008 the new supranational administration will be a magnet for qualified civil servants. This is not a damaging trend in itself, as Romania will be competitively represented at the EU level, but unless steps are being taken to improve the situations of the ones remaining in the country they will not be able to provide the necessary inputs for Brussels, and the future deeper integration of Romania within the European Union will be in jeopardy.

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# Promoting Good Governance in Eastern Europe – Domestic Responses to External Influences

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## 1. Introduction

The post 1989 transitions may be seen as massive transfers of material resources, know-how, and political and economic models from the West to the East of Europe. The process is driven both by demand and supply – by the desire of Eastern countries to obtain Western assistance and membership in Western institutions and by a readiness in the West to support and influence developments in the East.

Unlike the revolutions of 1776, 1789, and 1917 the upheavals of 1989 were essentially apolitical and not the harbingers of ideological innovations (Vachudova and Snyder 1997). Instead, the transition countries have aspired to re-establish normal societies following Western norms and to be recognized by the West as modern societies (Offe 1997).

The universal emphasis on a ‘return to Europe’ and the extent of Western involvement may seem to indicate that the range of strategic options and policy alternatives open to transition countries is strictly limited, and that by and large the well-known Western form of democracy and market economy predestines their choices of political paths to follow.

Theorists of post-communist economic change have presumed that the higher efficiency of market systems would automatically propel the Eastern countries in a market direction and that the inherited economic systems of the East would play no role in the future, since like water and oil the established systems and the future systems would not blend (Rona-Tas 1998).

According to this paradigm the transition process is driven by a vision of the journey’s end rather than recollections of its starting point. The future is to be built *on* and not *with* the ruins of the past.

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However, the weight of the evidence accumulated over the post-1989 period does not support the thesis that the transition countries are following the same path of development or sharing a common end station. The dominant pattern of post socialism has been one of variation, not uniformity, and the ways in which new institutional patterns have been introduced in the East differ significantly from the processes of modernisation in the West. Thus, students of the transition process argue that

- Eastern countries have chosen distinctly divergent models of government and devoted varying levels of attention to reform issues (Verheijen 1999)
- Eastern countries have often feigned rather than implemented Western standards (Janos 2005)
- the choices of economic policies differ across Eastern Europe (Zuzowski 2000); in some countries it is not an easily recognizable form of capitalism that is developing, but a flawed, deviant model (Poznanski 2001).

The diversity of transitional paths and the discrepancies between Western institutional prototypes and Eastern imitations indicate that transition processes are only partly shaped by external factors. This paper argues that foreign influence on national transformations works through and is conditioned by domestic governmental arrangements. A post-communist country is not a *tabula rasa* or a blank page that can be inscribed with foreign ideas. Such ideas will be ignored, interpreted, accepted or rejected in consequence of for example domestic leadership, patterns of public administration or cultural orientation.

The argument is based on findings and assumptions from various strands of social science research.

Though the EU confronts member countries with a shared set of values and patterns, empirical studies on the extent of EU-ization of member states' governments have revealed neither the emergence of a single European administrative model nor the convergence of the various national models. Indeed, the continuation of divergence is the key finding of such studies. A common challenge for all member governments is to find 'translator devices' (Bulmer and Burch 2005, p. 854) so that business emanating from the EU can be managed according to well-established, domestic forms of governance.

The argument that the effect of external influences is conditioned on domestic factors is often made in studies of globalisation. For instance, the fact that Central and Eastern European countries have enjoyed economic growth and the successor states to the Soviet Union economic decline in the age of globalisation and multinational companies is ascribed to cross-national differences in *i.a.* political stability, communication infrastructure, and social value patterns (Berend 2005).

An understanding of historical legacies provides important insight. Historians argue that there is a long-term pattern of influences going from the West to the East of Europe and a pattern of response in the East to social developments of the West conditioned by domestic factors – some of which date several centuries back and have shown strong resilience (Heppner 1995).

Students of the Soviet hegemony have analysed variations and similarities among the former communist countries in terms of two sets of characteristics of the Eastern Bloc; the interests and resources of the Soviet Union, and the resilience of domestic structures in each of the satellite states (Janos 2001). The same line of reasoning may be a guide to understanding post 1989 transition processes, where a cultural divide between countries in the East Block influencing the extent of Soviet hegemony seems to affect the current ability of the EU to achieve cross-national harmonization of policies. (Janos 2001).

The impact of developmental aid on domestic capacity building varies considerably across nations and geographic regions. For instance, the effect of World Bank projects on institutional development in Africa has been significantly lower than for comparative projects worldwide. This discrepancy has been attributed to domestic factors, particularly national political leadership. While country leadership on capacity building has been strong in some countries it has been weak in others (World Bank 2005).

This paper aims at demonstrating how three aspects of government in transition countries – political leadership, administrative structure and cultural orientation – affect the extent to which these countries are penetrated by outside influence or profit from external assistance in the area of public administration.

It must be emphasised, however, that the question of the impact of foreign actors on domestic development is a relational issue, involving at least three parties – the recipient, the donor and the capacity building industry. The outcome of the relationship is contingent on characteristics of all the involved parties and the nature of the interaction between them. Thus, the behaviour of donors and the capacity building industry may make characteristics of the recipient more entrenched thus reinforcing their effects. We shall return to these issues towards the end of the paper.

The paper is mainly based on a review of transition literature and the author's own experience from capacity building in Eastern Europe.

## **2. Political Leadership**

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The stable, regulated Western democracies leave little latitude for transformative leadership. Indeed the very notion of democracy may not correlate positively with strong leadership since the success of liberal democracies consists in a reduction of

the elbowroom of powerful individuals (Blondel 1987, Pelinka 1997). However, the situation is clearly different in non-democratic systems, and in systems experiencing rapid and wide-ranging transitions where old patterns of decision-making have collapsed and not yet been replaced by new sets of procedures (Pelinka 1997, Park 2005, Helmerich 2005). Arguably, the breakdown of well-established systems offers ample opportunities for individual actors.

Transition literature is rich in examples of remarkable personal leadership. The foreign policies of the post-Soviet states have been significantly conditioned by those in charge of foreign policy and not only by external and internal environments (Park 2005). The EU accession processes in Central and Eastern Europe have been driven by small elites with little involvement of the public at large (Ekiert and Zielonka 2003). In the economic field Prime Minister Klaus of the Czech Republic (Orenstein 2001) and Deputy Prime Minister Balcerowicz of Poland (Campbell 2002) were able to overcome legacies of the past and pave the way for radical reforms.

By the same token, lack of political leadership is an obstacle to institutional development (Fukuyama 2004) and may have detrimental effects on the transition process. Leaders like Milosevic in Serbia (Thomas 1998), Tudjman in Croatia (Helmerich 2005) and Meciar in Slovakia (Kopstein and Reilly 2003) held up reform processes for several years and isolated their countries from European developments. Also leaders on lower levels who were educated and socialised under the Communist regime have prevented the introduction of new, Western-inspired methods and principles because such innovations would have made their own experience irrelevant and thus been a threat to their positions and status. Apparently, this mechanism to some extent explains the lack of reform of higher education in Eastern Europe (Füllsack 2004).

Over the past 150 years, at least, the issue of the extent to which Western models of governance should be adopted has split political elites in countries of Eastern Europe. Serbia may serve as an illustration.

When Serbia achieved internal autonomy inside the Ottoman Empire, and started to build a domestic administrative apparatus, it had to recruit officials from among the better-educated Serbs living within the Austro-Hungarian Empire. These imported officials were more interested in a law state on the Austrian model than in representative institutions (Pawlowitch 2002, p. 42). Their greatest achievement was the Serbian Civil Code of 1844 based on the Austrian *Allgemeine Bürgerliche Gesetzbuch* of 1811. The Habsburg Serbs (or the ‘Germans’ – as was their local nickname) earmarked money to train the best Serbian students abroad. The young Serbs, who mostly went to study in Paris, brought back more than skills – they spoke for a broader outlook on culture and politics. The ‘Parisians’ as they were called promoted French ideals of freedom and democracy as opposed to the Austrian notion of

the absolutist law state, which brought them into sharp conflict with their original sponsors, the Serb ‘Germans’ (Batakovic 2000).

However, nationalist Serb politicians distrusted the ways in which ‘Germans’ and ‘Parisians’ (with royal support) aspired to turn Serbia into a pale imitation of a small Western state when the Serbian people had many good institutions of their own. The leader of the Radical Party, and later Prime Minister, Nikola Pasic (1845 – 1926), often called ‘the Serbian Tomas Masaryk’, advocated a foreign policy relying on Russia and linked to an internal policy that sought to preserve Serbian traditions that were good, rather than satellite status to Austria-Hungary and slavish imitation of Western institutions (Pawlowitch, 2000, p. 71).

The argument between ‘Westerners’ and nationalists runs like a thread through Serbia’s modern history. Recently, the conflict between the late Serbian Prime Minister Zoran Djindjic and the current Prime Minister Vojislav Kostunica has been interpreted as one between a Western-oriented moderniser and a Serb traditionalist. Whereas the key political aim of Djindjic was to integrate Serbia into Western structures and base his reform programme on Western support and Western patterns, Kostunica has been more reserved towards the West. For instance in 2000, immediately after having assumed office as Yugoslav president, he portrayed the US and the former Soviet Union as morally and politically equivalent when he stressed that he shared Solzhenitsyn’s disillusionment with 20<sup>th</sup>-century totalitarian societies, ‘both Soviet and American’ (Cigar 2001, p. 82).

It is sometimes alleged that the political elites in Eastern countries have adopted Western models of governance regarding democracy, the rule of law and a professional civil service, not because of their own intrinsic benefits, but because they were considered efficient means to achieve other external ends, e.g. economic growth, membership in Western institutions, or economic assistance (Offe 1997). Scholars argue that this was the case when the Balkan countries gained independence in the 19<sup>th</sup> century, and allegedly introduced Western ideas and institutions mainly to make favourable impressions on external patrons (Mishkova 1995). The same kind of argument was heard during the recent round of EU-enlargement when candidate countries were said to adopt formal structures in order not to lose political support in the Council of Ministers (Jacoby 1999).

In the political evolution of the West political and social institutions were valued for their own merits, because they conformed to a set of spiritual norms, for instance the Protestant Ethic (Offe 1997). The discrepancies between East and West in the case of establishing social institutions raise questions about the relationship between outcome and process. Do variations in processes of gestation lead to different outcomes, so that a non-Western method of implementation creates significant differences between ‘the original’ and ‘the imitation’ and increases the likelihood for the replica to be distorted and weakened compared to the prototype (Offe 1997)?

### 3. Administrative Structure

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The argument that the nature of domestic bureaucracies influences the ability of Eastern countries to benefit fully from external aid has been heard for decades.

Immediately after the First World War the US Rockefeller Foundation tried to support the development of a modern health care system in Czechoslovakia. One issue that was problematic for the Foundation's work in that country was the bureaucratic system inherited from the Austro-Hungarian monarchy. Within weeks of his arrival in Czechoslovakia the Foundation's representative wrote: 'It takes weeks and sometimes many months to accomplish anything. The whole system is bureaucratic in the extreme. ... The Minister is disposed to change the methods but realizes that it is a difficult thing to do, as it is part of the whole state system. It comes from the whole principle of government. All authority rests with a very few and the system of protocol is designed to protect those who hold the responsibility. The enormous delays in getting things done discourages men who are really interested in their work ...' (Page 2001, pp. 281 – 282).

Circumstances like the ones described here may still make it difficult for Eastern countries to benefit from foreign assistance. In Croatia, and Serbia only half of the EU funds earmarked in 2001 for projects in public administration was disbursed in 2004 (DRN 2004, Statskonsult 2005). The ability to assimilate aid seems to have become increasingly weaker over the 2001 – 2004 period (Statskonsult 2005). One obvious interpretation of this state of affairs is that as more complex reform issues are addressed over time and the volume of assistance grows, aid absorption becomes increasingly vulnerable to bottlenecks in the public administration.

In Balkan countries projects have come up against a common feature of the local administrative apparatus, the absence of communication and coordination

A consultant responsible for a cross-ministerial project reports that 'experience has been mixed. In several ministries there is a communication 'black hole'. People do not share information. The word is not spread'. In ministries that have separate units for external assistance or externally funded projects there appears to be little communication between these bodies and the parts of the ministry that are responsible for forming and implementing policies. Thus the projects may not significantly promote domestic reforms or enhance the capacities of the local public administration.

The noticeable centralization of the public administration as well as limited interaction between employees and political appointees in recipient countries have also influenced decision-making on foreign assistance. There is a lot of anecdotal evidence of civil servants engaged in externally-funded projects who have been reluctant to approach their superiors in project-related matters, let alone speak their mind in the presence of political appointees. The fact that only ministers or the government plenary are entitled to make decisions has considerably delayed projects.



A senior official of a Balkans country who until recently headed an interministerial working party on EU-integration complained that the strong centralisation of authority makes it almost impossible to reach the decision-making level in several ministries. This in turn hinders smooth cross ministerial coordination and efficient management of EU matters.

A key problem in several transition countries is lack of institutional capacity. Local civil servants have been engaged in externally funded projects on top of their ordinary workloads, which has led to lack of dedication and in-depth involvement in reform efforts (Bailey and de Propris 2004). High turnover among employees, often as a result of poor pay conditions, has often disrupted project implementation and reduced effectiveness and impact (IPS 1999). Simultaneously, lack of competence and analytical skills make it difficult for the recipient countries to identify their needs (Bailey and de Propris 2004) and, as a corollary, to secure ownership to the assistance package.

However, the capacity of governmental bodies to absorb foreign aid differs across the public service (Papadimitriou and Phinnemore 2004). Available evidence indicates that there may be systematic variations vertically between administrative levels and horizontally across policy sectors. An evaluation of the EU Phare programme concluded that while most of the projects directly addressing the central level of government performed deficiently, local government projects scored considerably better (IPS 1999). The evaluator argues that this pattern may be an indication that central government institutions are more prone to political volatility and risks than local government bodies (IPS 1999).

In the Western Balkans the progress of reforms regarding the state apparatus, the justice sector and public administration, is significantly slower than developments in the areas of trade, energy and infrastructure (Calic 2005). Arguably, this pattern is also reflected in the actual absorption of external assistance. In Serbia, for instance, the percentage of aid actually spent was significantly lower in the area of administrative reform than in other sectors (Statskonsult 2005). The discrepancy can be interpreted in the light of data from other parts of the world indicating that support for capacity building tends to be successful in sectors with clear goals, well-known techniques, measurable results, and strong lobbies pressing for reforms of the administration (World Bank 2005). These features are not easily replicable, particularly not in the area of general public administration.

The fact that there is no direct relationship between the volume of aid provided and the amount actually put to use, that the efficiency of foreign assistance is dependent on domestic patterns of decision-making, is not generally recognised. Whereas the Croatian Ministry of European Integration has made efforts to improve the national aid absorption capacity, other countries generally repeat the standard complaint that overall levels of support are too low (Calic 2005).

## 4. Cultural Orientations

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Numerous authors share the view that the awareness of cultural differences and the growing desire to protect one's own cultural identity are strong forces in international relations. In his book on 'The Clash of Civilisations' Samuel Huntington (1997) argues that cultural factors are likely to play an even greater role in the future than in the past. Cultural differences tend to limit serious dialogue between nations and create difficulties for the implementation of cross-national projects in Central and Eastern Europe.

Recently, an article in a German journal of cultural sociology<sup>2</sup> told the story of a joint Slovene-Austrian project that seems to highlight general dilemmas of international cooperation. The article identified a series of national stereotypes and inter-cultural discrepancies that significantly influenced patterns of dialogue and the extent of mutual understanding among the project partners. While the Austrians preferred written, explicit communication, the Slovenes often used indirect, non-verbal signals. Apparently, the Austrians showed an overly confident posture, even a feeling of superiority that was mirrored by a lack of self-confidence on the Slovene side.

The Slovenes interpreted Austrian requests to submit project reports etc. within fixed deadlines as expressions of an Austrian superiority complex and control mentality. However, they did not explicitly protest or complain, but responded in a hidden way, by ignoring time limits. The Austrians incorrectly interpreted this behaviour as evidence of disorganisation and absence of a feeling of responsibility among the Slovenes, and reacted with more rigid requests of reporting and threats of sanctions. However, the Austrian rebukes did not have the intended effects. The Slovenes saw the reprimands as confirmations of their stereotype of the patronizing Austrian and persisted in their apparently non-communicative pattern of behaviour. Thus, the interaction moved in a vicious spiral, where culturally determined behaviour patterns intensified and threatened to upset the whole project.

Studies of transition processes have identified several cultural discrepancies that complicate the transfer of values and patterns from the West to the East and lead to numerous apparently trivial problems like the ones described above.

Several students focus on the relation between the Orthodox and Western versions of Christianity. According to one line of reasoning the Orthodox cultural heritage has constantly acted in the modern age as a screen which filters out Western influences, and as a factor that hinders the building of liberal-oriented political regimes. A modified version of this theory argues that the real tension lies between an enthusiastic and therefore dogmatic adoption of Western forms and the no less

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2 Meierewert, S. et al. (2005), Der Einfluss von managementrelevanten Kulturstandards auf die internationale Projektarbeit am Beispiel von Slowenien und Österreich, *Kultursoziologie, Aspekte Analysen Argumente*, vol. 14, pp.21 – 39

dogmatic remoulding of tradition to fit the role of an ideological opposition to Western-oriented modernisation. In turn the modernisers – after their promises of rapidly catching up with the West had not been fulfilled – started to be perceived by this opposition as inflicting deep wounds on local societies rather than dragging them into the world of liberty and influence (Dutu 1998).

A central aspect of the East-West cultural divide regards the extent to which the cultural setting is characterised by individualism or impersonality (Janos 2001). In the former, generally found in South-eastern Europe, all decisions of public bodies are assumed to be subject to personal bargaining and negotiations. Formal rules made by the bureaucracy merely constitute a new place to start the bargaining (Peters 2001). In the latter, prevalent in the North and West of Europe, legal norms are universal and impersonal. Formalized law or precedents govern administrative rulings.

The East-West cultural gap may significantly influence attempts to achieve cross-national coordination of economic and governmental patterns, regardless of who makes these efforts.

Arguably, the cultures of the northwestern part of Eastern Europe were less hospitable to the highly personalized, arbitrary political practices of communist governments than those of the southeast. Thus, Poland, Hungary, Czechoslovakia, and East Germany produced – in sharp contrast to quiescent Bulgaria, Rumania, and Albania – vigorous intellectual dissidents (Janos 2001). In post-communist Europe, almost by definition, the cultural environment of highly personal bargaining and negotiations should be less receptive to objective law and procedure – and hence to the legally oriented administrative system of the EU – than a culture of greater impersonality and formalism (Janos 2001).

Whereas formal and technical aspects of institutions can relatively easily be transported from the West to the East, the process of cultural change takes much more time, perhaps generations. An example of cultural resilience is the strong role played by informal structures in the Balkans, by lifelong and powerful bonds not only of friendship, kinship and loyalty, but also connections, nepotism, clientilism, and corruption (Sampson 2002). Lack of trust in formal institutions makes people reluctant to abandon the social institutions which have facilitated their ability to survive under the most adverse conditions and to find solutions to problems that the formal bureaucracy either failed to address or in some cases actively created. Thus the paradox of the Balkans is that the informal social structures – that can be seen as a form of civil society – can also be those most resistant to democratic institution building (Sampson 2002).

Moreover, attempts to change people's attitudes and identities are likely to meet with resistance and have unintended consequences (Yoder 2000).

The accelerated East German transition offers important lessons about the transplantability of Western models to the post communist context. Many East Germans came to deeply resent Western advisors and investors as well as such international institutions as the IMF (the International Monetary Fund), all seemingly oblivious to local culture and desires (Yoder 2000). Sixteen years after the fall of the Berlin Wall there still appear to be walls in the minds of Germans. Citizens of the East consider themselves not as *'neue Bundesbürger'* but as 'former GDR citizens'. Thus, there has been an *ex post facto* ethnification of the people of a state that during its life time never managed to create a sense of distinct national allegiance of its own (Offe 1997).

## **5. The Impact of External Actors**

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We have now demonstrated the probability that domestic conditions significantly influence the impact of foreign involvement in transitions processes. However, the influence of domestic factors cannot be fully understood without considering the behaviour of external actors. Though some Western actors may have facilitated Eastern transformations, others may unintentionally have reinforced the negative effects of local conditions and preserved entrenched patterns of leadership, public administration and cultural orientations and thus hindered local commitment to the reform agenda. A few examples from the transition literature may illustrate the point.

The Western capacity-building industry has often identified a lack of institutional capacity – in a narrow sense of the term – as the central problem facing Eastern bureaucracies. They have focused their efforts on providing material resources to these organisations without fundamentally questioning the broader set of political and structural relations in which they are embedded. Thus, numerous projects have had the counterproductive effect of helping to keep in place outdated and dysfunctional structures and well-entrenched power relationships (Cooley 2002).

The top-down approach characteristic of several Western interventions has influenced the absorption capacity of domestic governments negatively. According to a report commissioned by the EU the CARDS programme of the Western Balkans has had low capacity to fit in with the policy processes of local government, and made limited use of government experts and other local resources. These features are held to have hampered domestic ownership and participation in the reform process (DRN 2004). In Macedonia the government and important stakeholders feel that there is a lack of connection between domestic policies and the priorities of the CARDS programme (DRN 2004).

Put in place to generate independence, several capacity building projects have instead led to a sense of dependence. Western project assistance has long been delivered in the form of the *resident expatriate-local counterpart model*. For many rea-

sons this approach often fails to increase capacity through transferring knowledge to local counterparts. The foreign experts have getting the job done as their main objective. They have few incentives to invest in the transfer of knowledge. The careers of local counterparts are often better served by controlling project money, equipment and information than by joining the regular civil service.

The widespread policy of Western organisations of paying salary supplements to local staff may ensure recruitment of competent employees and efficient implementation of projects. On the other hand, however, this practice may distort the civil service salary structure, impede reform of the civil service and jeopardise the objective of long-term sustainability of projects. According to the World Bank (2004) such effects are among the main reasons for the lack of progress in public administration reform in Serbia.

In their efforts to manage and control capacity building efforts the aid industry has often set up their own project organisations outside the local governmental apparatus. The establishment of such structures may have promoted technically efficient projects, but at the same time it has undermined public sector capacity and demoralized domestic civil servants.

Some scholars argue that we are witnessing a double process of transition, covering both the Eastern and Western countries – beneficiaries as well as donors – and that this dualism has significant impact on how the process evolves and the outputs it produces. While it is commonly assumed that the presence of Western actors and resources in Central and Eastern European countries has been brought about by a wish to improve conditions in these countries, there may also be a causal relation in the opposite direction: Western presence in the East is caused and conditioned by developments within and between Western institutions themselves.

According to this logic, the reasons for the overwhelming international presence in ex-Yugoslavia are not the actual problems of the region, but the opportunities, which these problems offer Western institutions to redefine their objectives and strategies and even gain a new lease of life in the post-Communist era. After the end of the Cold War the framework and institutions of international relations developed in the post-1945 era have become increasingly irrelevant. The importance of the collapse of Yugoslavia has been that it provided an opportunity to remodel the institutional framework of war and peace and to extend this to encompass efforts of democratisation, protection of human rights and institution building.

The self-interest of external actors involved in defining and carrying out the new international policy agenda has not only entailed an ever-expanding transition agenda, it has also prevented domestic ownership of and involvement in the reform process. Negotiations and compromise solutions between for instance the Bosnian elites have been virtually excluded from the outset by the imposition of a finalised external agenda (Chandler 2000).

## 6. The Need to Focus on the Aid Relationships

Though we mainly have focused on a single set of factors in a complex equation – features of domestic governments – the key message of this paper is the need to devote more in-depth consideration to the full question of aid relationship, i.e. the relationship between donor, recipient and capacity building industry, a topic that seems to be conspicuous by its absence in large parts of the transition literature. This lack of attention may make it difficult to gain systematic insight into factors that influence how and to what extent external resources and external models may promote domestic development.

The table below<sup>3</sup> indicates how motivations, interests and incentives across constituencies may contribute positively to development or lead to distortions. The summary suggests the outline of and some of the ingredients in a future study of aid relationships. With a view to the amount of external resources spent on institutional development in transition countries, and the mixed experience with much of the assistance so far, it is time that the actual provision and implementation of foreign support, the pattern of interaction between domestic and foreign actors is made the object of systematic scholarly attention.

RECIPIENTS	CAPACITY BUILDING INDUSTRY	DONORS
<p>Political Leadership</p> <ul style="list-style-type: none"> <li>● Aid money is used to dispense patronage</li> </ul> <p>Civil Service</p> <ul style="list-style-type: none"> <li>● Working for donors is a learning experience</li> <li>● Prestige, perks, computers, and salaries in Euros</li> <li>● Demoralization due to comparison of differentials</li> </ul> <p>Private Consultancy Firms</p> <ul style="list-style-type: none"> <li>● Business opportunities</li> <li>● Rent seeking</li> </ul>	<p>Consultants</p> <ul style="list-style-type: none"> <li>● Career prospects, not having to work in structured surroundings</li> </ul> <p>Consultancy Firms</p> <ul style="list-style-type: none"> <li>● Organizational survival</li> <li>● Source of revenue. Protected market, due to 'tied aid'</li> </ul>	<p>Legislature</p> <ul style="list-style-type: none"> <li>● Votes, taxpayer concerns</li> </ul> <p>Foreign Ministry</p> <ul style="list-style-type: none"> <li>● Political and trade interests</li> </ul> <p>Aid Agency</p> <ul style="list-style-type: none"> <li>● Rules on procurement</li> <li>● Disbursal pressure</li> </ul>

In all probability NISPA would be the appropriate organisation to bring the aid relationships issue and its influence on transition processes up for discussion. The organisation includes or has access to representatives of most of the relevant constituencies in the field of capacity building. Its geographic scope probably covers all European donor and beneficiary nations. Moreover its members and associates

3 Adapted from Lopes and Thomas (2003) 'Ownership, Leadership and Transformation. Can We Do Better for Capacity Development?' Earthscan, London, p. 46.

possess in-depth knowledge of and direct experience with most issues of public administration reform that have been at the centre of debate in transition countries.

Few other organisations are better qualified to offer cross-national, interdisciplinary and experience-based insight into a subject that will continue to be of key importance for the future development of Europe.

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## **Mercenaries, Missionaries or Witch Doctors? Is administrative reform TA in transition countries a business, a religion or medicine?**

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*Ronald G Young*<sup>1</sup>

This chapter was initially produced as a result of discussions with David Coombes while we were both working (on different projects) in Bishkek in 2005. It was concerned to share with a wider audience the deep concerns about the shape and results of administrative reform work in transition countries I had been feeling for the previous decade – to indicate some of the literature; and to encourage some discussions about remedies. I am grateful to David for the stimulus and encouragement –although he bears no responsibility for its poetic excesses. Although some people may consider that the deficiencies of Technical Assistance are well known, my extensive reading over the past decade has not unearthed more than a handful of Public Admin reformers writing about this. This paper agrees with the critique to be found in the development literature that the donor systems are too technocratic; ambitious; and ahistoric. PAR in CIS countries requires a more anthropological approach than most donors seem capable of.

### **Abbreviations**

- AC - Acquis Commaunitaire – the 80,000 odd pages of law to which all member states of the EU have to subscribe.
- CIS - Commonwealth of Independent States
- FR - Functional review
- IFI - International Financial Institution
- NPM - New Public Management
- OECD - Organisation for Economic Cooperation and Development
- PA - Public Administration
- PAR - Public Administration Reform

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1 Private consultant operating in CEE, Caucasus and Central Asia

SIGMA - support for the improvement of governance and management – the programme funded by the OECD and EC which has published various guides for transition countries and annual assessment of their systems of PA

ToR - terms of reference (for project)

TA - Technical Assistance

UNDP - United Nations development Programme

## **1. Introduction**

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### **1.1 The system in which we work**

Diagram one is a crude attempt to map the various factors which have a bearing on the issue of administrative reform in countries in which we work in Technical Assistance programmes. The structure for technical assistance chosen by the European Union (one of the largest funders of such efforts) is understandable for a system which tries to minimise its personnel costs – ie projects defined by logframe and procured by competitive tendering. But the results are problematic – mismatch between needs and what is supplied; and little organisational learning (despite – or perhaps because of – a complex monitoring and evaluation system)

On the other hand, those with experience can make the system more flexible than it appears<sup>2</sup>. And the lack of hierarchical control does give more scope for unorthodox approaches and thinking than is apparent in the international bureaucracies. As a mercenary – rather than a World Bank or UNDP missionary – I welcome this opportunity to report that the generals and politicians are supplying us with dud weapons and that we may be fighting the wrong war.

### **1.2 The context in which we work**

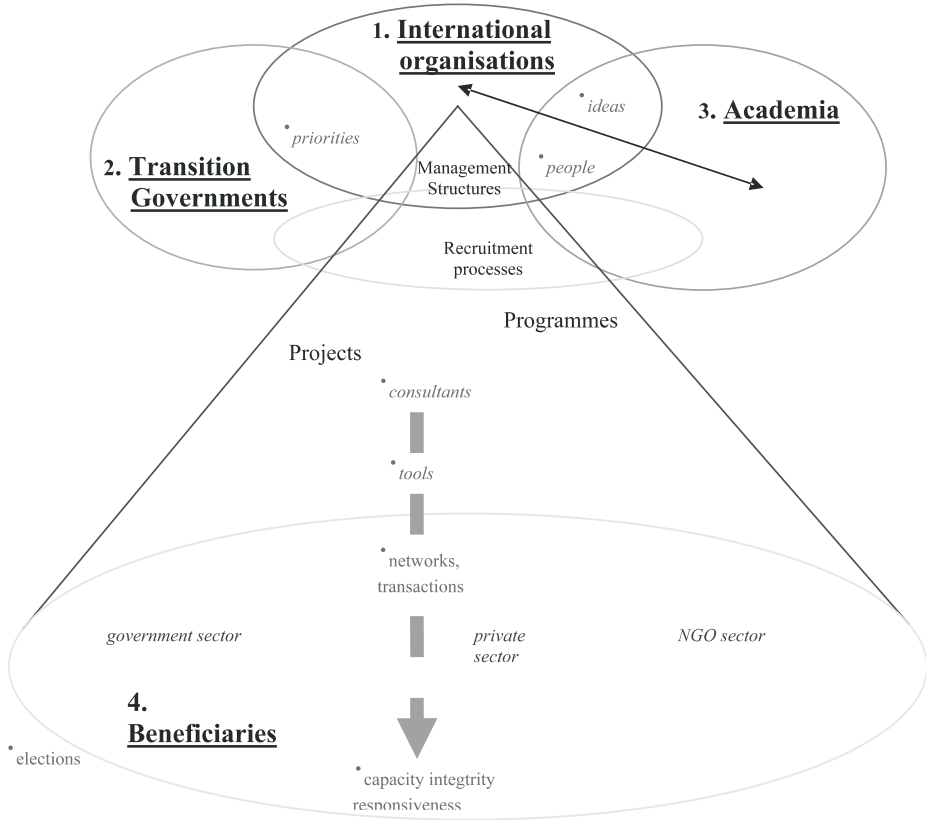
Of course, Central Asia is different from Central Europe – and each country indeed has its specificities. In some places, the carrot of EU accession has been sufficient to motivate reform – in others it has not. In many of the countries I have worked in recently, there has been no strong incentive for administrative reform – survival and ethnic struggle has been more of a reality. The concept of “failed states” has now made an entrance – spawning its own literature, acronyms and experts (Carment). During one of my assignments I assessed the context in which I was working in the following way – “country x falls into the “slow and reluctant” category for political, administrative and economic reform. Its system can be defined as

- Centralised/feudal
- Closed
- Corrupt

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2 Here I would like to pay tribute to the various EU desk officers I have had all of whom have been very supportive. In particular I would like to mention Gordon Purvis and Taru Kernisalo with both of whom my ToR were changed several times with no problems.

**Diagram 1**  
Map



It is **centralised** in -

- **policy-making style**; new policy directions are signalled in Presidential Decrees developed in secret – with parliament and state bodies playing no real role in developing policies
- **management style and systems** in state bodies; where old Soviet one-man management still prevails, with crisis-management modes evident and no managerial delegation
- the **absence of conditions for the new local government system** make it no more than a paper exercise
- it has, however, **feudal** elements inasmuch as Ministers – although without policy-making powers – have a very strong position

It is **closed** in that -

- There is **little acceptance of pluralist methods of thinking**; for example about the need for separation of power; and challenge to ideas and conventional wisdom
- Elections are fixed; It is **difficult for independent-minded reformers to stand for election**
- **Recruitment to civil service** is done on the basis of (extended) family links
- Bright graduates now go either to the private or international sector (including TA)
- **Censorship** is widespread – whether formal or informal through media being owned and controlled by government and administration figures

It is **corrupt** in that significant numbers of –

- Key government and administrative **positions** are bought
- students can and do buy educational **qualifications**
- public officials (are expected to) accept informal payments for **special favours**
- senior administrative figures have substantial and active economic interests”

The table below puts it more crisply –

**Table 1**  
A snapshot of the institutions of a CIS country

<b>Institution</b>	<b>Comment</b>	<b>Extent of reform effort</b>
Political executive	Centralised and opaque. Baronial system.	Non-existent
Parliament	Low – elections controlled; and not permitted to change draft laws from President	Minimal
Judiciary	Still not independent	Good TA – but Ministry of Justice a laggard
Media	Strong state control (formal and informal)	Non-existent
Civil service	Positions bought and appointments made on grace and favour basis	Civil Service Agency established on paper
State bodies	Corrupt and insensitive to public need	Ministry of Taxation and Min of Foreign Affairs making efforts
Local government	elections controlled; No real powers	Non-existent
Civil society	Major registration problems	
University	Examinations and Degrees are bought by more than half of the students	Minimal

Interestingly, this was, according to Easterly, one of the countries which the Millennium Project reported positively on in 2005.

## **2. The Biases of the International Donor System**

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Nobody had ever lived through this triple transformation (Markets, nations, democracy) ever before. People had been writing profusely about the transition from capitalism to communism – but not the other way around. The collapse of communism was a great shock. Few – except the Poles and Hungarians<sup>3</sup> – were at all prepared for it. And understanding such systems change requires a vast array of different intellectual disciplines – and sub-disciplines – and who is trained to make sense of them all (Elster and Offe)? The apparently irreversible trend toward greater and greater specialisation of the social sciences places more power in the hands of technocrats<sup>4</sup> and disables politicians from serious involvement in the discourse of the international bodies which therefore engage in the reconstruction of other country's state systems with no effective challenge – from any source. Strange that these are the very people who preach about accountability and corruption!!!

One would have thought that before rushing into transition countries, donors and experts might have asked themselves the basic question about the process by which their own economic and political institutions were constructed. But the economist thinking which was then so rampant has no place for history – only the latest *nostra* and equations. Joon Chang has been one of a few prepared to challenge with proper analysis the facile assumptions of the various economic and political prescriptions which underpin the advice offered by World Bank advisers<sup>5</sup>.

State bodies (at all levels) in many transition countries were initially regarded by the international community as so contaminated with soviet centralist thinking and corrupt informal coping practices as to be beyond hope. The strategy of international donors during the 1990s was to avoid working with or through them. Instead they channelled assistance to building up the private and NGO sectors<sup>6</sup>.

- The privatisation process has been very extensively documented. Different models were followed in different countries – and worked more or less satisfactorily depending on the local context. In much of Central Europe, the process and

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3 who, with other countries admitted in 2004, had experienced these systems earlier in the 20<sup>th</sup> century!

4 JR Saul is one of the few who have tried to expose this

5 But I have also recently come across the excellent collection of essays on rule of law programmes by Carothers.

6 The various Annual World Bank Reports charted this process of thinking.

outcomes were, given the novelty of the process, not excessively contentious<sup>7</sup>. But the selected methods and context in Russia combined to create a criminal class able to buy anything – including elections<sup>8</sup>.

- And most NGOs in transition countries – funded as they are by the international community – are not NGOs as we know them. They have, rather, been a combination of entrepreneurial bodies or fronts to disburse money to causes acceptable to donors.

In the accession countries, serious efforts at administrative reform only really started in the late 1990s – and still receive very little serious attention in Central Asia. And it is only in the last few years that a real effort has started in Russia to try to build up a civil service system which serves the state rather than its own interests. David Coombes' paper in this volume refers to the 2 dominant schools of thought in the IFIs -

- The “**liberal**” perspective can be found in constitutional literature and mainstream political science writing about the workings of liberal democracy – where the “public good” is achieved by free peoples voting in and out politicians who form governments (national and local) – advised by neutral and honest civil servants. Government policies (and reputations) are subject to constant and detailed scrutiny by a large community of pressure groups, researchers and media.
- The “**neo-liberal**” perspective is economic – talks about “state capture” and “rent-seeking” – and advises that the public good is best achieved by the role of the state being minimised and the role of the market and contracts maximised.

This paper tries to suggest a third approach (2.3).

## 2.1 The neo-liberal legacy

An army of economic experts from the second battalion had the bit between the teeth from the privatisation which had swept the world in the 1990s – and was looking for a new challenge! So no humility was on display. They knew what had to be done! And the bodies which employed them (such as the IMF and World Bank) were international and therefore protected from effective challenge – although for those who cared to read the numerous critiques of their work<sup>9</sup>, their

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7 this is, of course, a very sweeping statement – with exception in certain countries and sectors. In Bulgaria and Romania the process was highly contentious – and Gatzweiler and Hagedorn, amongst others, argue that land privatisation was highly deficient (in “People, Institutions and Agroecosystems in Transition”).

8 The most accessible account is Freeland. See also Black and Tarassova

9 the critiques are too numerous to mention – starting from George through to Pinkers. See also article “Our poverty is a world full of dreams; reforming the World Bank” by Catherine Weaver and Ralf Leiteritz in *Global Governance; a review of multilateralism and international organisations*

record and structure of ways of managing programmes and personnel was highly questionable.

In Central Europe, of course, such bodies had to share the place at the table with the European Union – whose fiefdom this was – and with EBRD. As has been well documented by Santos, however, the EU, however, despite all the vacuous rhetoric of common administrative space<sup>10</sup>, has no intellectual line<sup>11</sup> of its own and simply follows the “intellectual” lead of international bodies such as the World Bank. So even the EU was slow to wake up the significance of a strong and effective machinery of state.

When it did, accession was the name of the game and legitimised a rather “imperial” approach to public administration reform – with accession countries required to learn the *Acquis Commaunitais*<sup>12</sup> and annual report cards. EU “experts” (of varying background and levels of expertise) found themselves working on programmes restructuring Ministries and helping introduce and implement civil service laws – or in civil service training. But far too quickly the EU decided to make accession (rather than development) the driving force of its technical assistance. At that stage it was patently obvious to those who knew countries such as Romania and Slovakia that the culture of patronage and corruption was so deeply embedded in these systems that Ministry twinning<sup>13</sup> was no answer. But we were only experts in the field – employed by companies on contract to the EU – mercenaries. And who listens to mercenaries? And yet the management theory of the time was preaching the importance of the bosses listening to the views of their workers in the field. But such a view is and remains anathema to the elite culture of the Commission<sup>14</sup>.

Further afield in Russia and Central Asia, the Washington consensus had full rein. And what a disaster it has been<sup>15</sup>! Initially, of course, there was no talk of administrative reform. The language was functional transfer or, more euphemistically, review. The central state was to be stripped – and its assets transferred ideally to something called the private sector. This line went down well with the apparachtniks who were well placed to benefit – so “local ownership” was clearly in place! As it slowly dawned on these zealots that market transactions did require some element

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10 see paper in SIGMA series

11 It is quite scandalous, given the scale of money spent by the EU on the topic, that the EU has no lead experts exercising any leadership or quality control over, for example, the ToR drafted in this field.

12 basic subjects were access to regional funds, project management. For the advanced there were recondite subjects such as comitology

13 Giving accession countries a civil servant from a matching Ministry in a member country. To such people, giving advice was a novel experience, let alone to countries so different from their own.

14 Although I was very impressed in the 1980s as a regional councillor in Scotland with the openness of the Delors regime to the views and role of local government

15 for a definition and history see Gore. For the definitive critique, see Stiglitz.



of regularity and legality – otherwise society reverted to banditry – the academics discovered the writings of people like North<sup>16</sup> and Schick and started to allow some experts in to help construct some of the machinery of government which is required to ensure the minimum level of social trust required for economic transactions.

## 2.2 The a-historicism of the liberals

David's paper, for example, makes the very correct point that elections themselves are not the defining feature of democracy. The Government system in a democracy is made up of several structures or systems each of which has a distinctive role. It is this **sharing of responsibilities** – in a context of free and open dialogue – which ideally gives democratic systems their strength – particularly in

- Producing and testing ideas
- Checking the abuses of power
- Ensuring public acceptance of the political system – and the decisions which come from it.

The key institutions for a democratic system are -

- A **political executive** – whose members are elected and whose role is to set the policy agenda- that is develop a strategy (and make available the laws and resources) to deal with those issues which it feels need to be addressed.
- A freely elected **legislative Assembly** – whose role is to ensure (i) that the merits of new legislation and policies of the political Executive are critically and openly assessed; (ii) that the performance of government and civil servants is held to account; and (iii) that, by the way these roles are performed, the public develop confidence in the workings of the political system.
- An independent **Judiciary** – which ensures that the rule of Law prevails, that is to say that no-one is able to feel above the law.
- A free **media**; where journalists and people can express their opinions freely and without fear.
- A professional impartial **Civil Service** – whose members have been appointed and promoted by virtue of their technical ability to ensure (i) that the political Executive receives the most competent policy advice; (ii) that the decisions of the executive (approved as necessary by Parliament) are effectively implemented; and that (iii) public services are well-managed

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16 for a summary see “The Theoretical Core of the new institutionalism” by Ellen Immergut Politics and Society vol 26 no 1 March 1998 (available via google scholar)

- An independent **system of local self-government** – whose leaders are accountable through direct elections to the local population<sup>17</sup>. The staff may or may not be civil servants.
- An active **civil society** – with a rich structure of voluntary associations – able to establish and operate without restriction. Politicians can ignore the general public for some time but, as the last ten years has shown, only for so long! The vitality of civil society – and of the media – creates (and withdraws) the legitimacy of political systems.
- An independent **university** system – which encourages tolerance and diversity

Such a democratic model is, of course, an “ideal-type” – a model which few (if any) countries actually match in all respects. A lot of what the global community preaches as “good practice” in government structures is actually of very recent vintage in their own countries and is still often more rhetoric than actual practice. Of course public appointments, for example, should be taken on merit – and not on the basis of ethnic or religious networks. But Belgium and Netherlands, to name but two European examples, have a formal structure of government based, until very recently, on religious and ethnic divisions<sup>18</sup>. In those cases a system which is otherwise rule-based and transparent has had minor adjustments made to take account of strong social realities and ensure consensus.

But in the case of countries such as Northern Ireland (until very recently), the form and rhetoric of objective administration in the public good has been completely undermined by religious divisions. All public goods (eg housing and appointments) were made in favour of Protestants.

The Italian system has for decades been notorious for the systemic abuse of the machinery of the state by various powerful groups – with eventually the Mafia itself clearly controlling some key

parts of it<sup>19</sup>. American influence played a powerful part in this in the post-war period – but the collapse of communism removed that influence and allowed the Italians to have a serious attempt at reforming the system – until Berlusconi intervened.

These are well-known cases – but the more we look, the more we find that countries which have long boasted of their fair and objective public administration

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17 Encouraging a strong and free system of local self-government is perhaps the most difficult part of the transition process – since it means allowing forces of opposition to have a power base. But it is the way to develop public confidence in government!

18 In each of Belgium’s 3 Regions has a both an executive and a “community” structure – with the latter reflecting ethnic issues. Netherlands has long had its “Pillars” which ensured that the main religious forces had their say in nominations and decisions. This has now weakened.

19 There is a voluminous literature on this – the most lively is Peter Robb’s *Midnight in Sicily* (Harvill Press 1996). For an update, read *Berlusconi’s Shadow – crime, justice and the pursuit of power* by David Lane (Penguin 2005)

systems have in fact suffered serious intrusions by sectional interests. The British and French indeed have invented words to describe the informal systems which has perverted the apparent neutrality of their public administration – “the old boy network”<sup>20</sup> and the “pantouflage” of “ENArques”<sup>21</sup>.

Too much of the commentary on Central Europe and Central Asia seems oblivious to this history and these realities – and imagines that a mixture of persuasive rhetoric and arm-twisting will lead to significant changes here. The result is inappropriate mechanisms and an alienated and offended beneficiary.

And, in a recent paper, Emmert articulates an argument I have been struggling toward for some years – that “democracy is a post-materialist value” and that it is “therefore utterly contradictory to insist on it as a precondition of development aid”.

### 2.3 A third approach

is more anthropological – and starts with an attempt to understand who is actually doing what – regardless of whether they are “legitimate” or “effective” players according to the constitutional and economic models which dominate donor thinking. Its interventions are pragmatic – using change management perspectives. I return to this at the end of the paper.

### 2.4 intellectual signposts

The website set up by the World Bank, UNDP and others<sup>22</sup>, although useful, as an introductory tour of some tools for admin reform, tantalises rather than instructs. A lot of the World Bank papers take a statistical approach to problems and try to identify correlations – presumably because it employs so many people with econometric qualifications and because its mission does not (technically) allow it to get into political matters<sup>23</sup>. However staff such as Shephard have bravely asked critical questions. Nick Manning has been an indefatigable writer prepared to write in an accessible way about his work – and Tony Verhiejen’s papers have also been very helpful to those of us in the field as we struggled to make sense of our work. Sadly Tacis publishes hardly any of the huge numbers of papers and books<sup>24</sup> its numerous projects have produced – presumably because it has no in-house peer control.

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20 published critiques of the narrow circles from which business and political leaders were drawn started in the early 1960s – but only Margaret Thatcher’s rule of the 1980s really broke the power of this elite and created a meritocracy

21 business, political and Civil service leaders have overwhelmingly passed through the Ecole Nationale d’Administration (ENA) and have moved easily from a top position in the Civil Service to political leadership to business leadership.

22 [www.worldbank.org/publicsector/civilservice](http://www.worldbank.org/publicsector/civilservice)

23 Clearly it does in fact engage in very high politics – but has had to invent a new technical jargon and literature to conceal this.

24 An exception is Verhiejen and Coombes

On the edges of the donor community, are a few individuals (Bateman; Chambers; Carothers) whose commentary is grounded in a much richer analytical base than public administration normally offers (see conclusion).

### **3. The People – Experts and their relationships with beneficiaries**

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#### **3.1 experts – not consultants**

The world of consultants in administrative reform has no real identity and professional loyalties. We are either staff members of the big international donors and lenders – governed by strict rules of confidentiality and specialist peer review – or mercenaries employed by small edgy contractors. And we generally come to the work from long practical experience in one sector in Western country – with at least four huge deficiencies –

- lacking the anthropological skills needed to understand the totally different context in which we are working;
- little comparative knowledge about how our professional field (eg local government) is dealt with in other European countries;
- little experience of real consultancy
- No sense of historical processes of development

And no attempt is made to help us recognise these deficiencies – let alone deal with them. I reckon it has taken me 10 years to reinvent myself from an academic (in urban management) and a Regional politician in Scotland to a reasonably effective midwife in transition countries for the birth of new civil service and local government systems. To perform that new role, I've had to do a lot of reading and learning about different systems of public administration and local government than the British – but know a lot of advisers who know only their own national systems.

#### **3.2 technocracy is rife**

Most consultants I know are subject specialists – and university specialisation and labour markets in W Europe mean that young graduates don't get the chance to practice. The disrespect for politics and the damage passion and commitment do to career structures also filters out unorthodox thinking from those who enter the profession. In taking stock of the new skills and tools I use in my new role, some of my previous political skills have been useful (rapid analysis of new fields; political “feel”; and communications). But others have had to be unlearned very thoroughly (eg arrogant claims to legitimacy)

### 3.3 The beneficiary-expert relationship – a typology

There is now thankfully more talk of demand-driven technical assistance. But can the system deliver?

In Diagram 2 I have tried to develop a typology of relationships, drawing on my recent experience.

The vertical axis indicates the attitude of the beneficiary to reform (and also the input of the foreigner) – positive at the top, negative at the bottom. The horizontal axis indicates the expertise of the “expert”, on the left a subject specialist (with little experience of real consultancy which requires one to understand the needs of the customer and the local context); on the right the rarer consultant type. This gives four types of relationships – starting with what I call the report-writer, then advocate, adviser and, finally, coach. How often, I have to ask, do you see the coach role?

### 3.4 How can demand drive when so little is known?

Russia, it seems, has been able to develop the discipline of PA. In most other CIS countries there are few young specialists in the field – the salaries and programmes are absent which might encourage young people to get into these fields. How can one conduct administrative reform when there is not even a language for it – or when the language is only foreign?

## 4. Logic of Intervention – a confused and unaccountable system

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### 4.1 Following fashions

The diagram in the Annex<sup>25</sup> details the various ingredients of the government reform stew – ten elements, each with about 20 categories. And each category (whether election systems, local government structures or consultative procedures) handled differently in each of the European countries. It indicates the scope for working at cross purpose – and for the problems of sequencing which Beblavy and Verheijen have discussed.

Somehow, donors have had to cut through that and come to some decisions about –

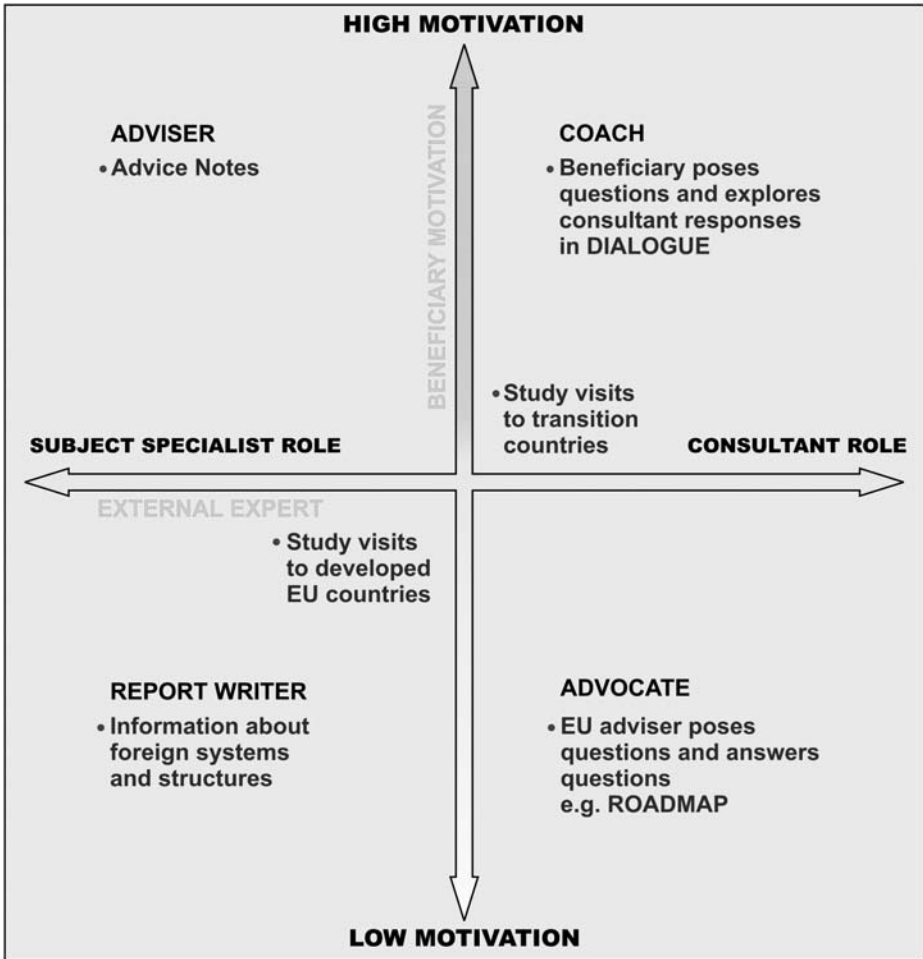
- Priorities
- Specific mechanisms
- beneficiaries

Who takes these decisions – using what processes? Highly educated people no doubt – but certainly without much practical experience, it seems, of managing real

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25 Borrowed with thanks from Guy Hollis of Nicolaas Witsen Foundation

Diagram 2



change! Clearly judicial reform is a sine qua non. Without rule-of-law, none of the other programmes of technical assistance will work. And the introduction of new financial and economic systems – banking, stock-exchanges, bankruptcy and financial management and control systems, customs and taxation – have been clearly the priorities for institutional development. This paper is not concerned with those fundamental aspects<sup>26</sup> – but rather with the more classic issues for public administration or “governance” of coordination, effectiveness and public interest.

In the EU, the drafting of project terms of reference (ToR) is a notoriously random process leading often to poorly designed projects whose ToR have to be

<sup>26</sup> Although see Carothers for a critique

significantly amended. This has happened in both of my most recent projects. I am not so familiar with the processes of other donors. Bilateral work does seem to be more focussed (and long-term) but the frustrations in field offices of international donors with their bureaucratic planning systems indicate problems at the opposite end of the spectrum from those of EU TA.

But both seem to create the same sorts of problems. Take one recent example – in one country where local government exists in name only – such is the emphasis the donors now place on the mantra of accountability and governance that their “assistance” to local government takes the form of –

- “Monitoring and evaluation” – of policies which actually don’t exist
- “municipal budget transparency” projects with local community groups when no municipal budgets exist
- “report cards” on local public services which simply don’t exist.

Gajduschek and Hajnal gave us one of the very few comprehensive and public assessments of TA in PHARE countries; and a recent report from International Crisis Group has also given a good overview<sup>27</sup> of the problems in Tacis countries.

## 4.2 Lack of checks on the logic of interventions

One assignment required me to help a country implement the Civil Service Law which had been passed 2 years earlier<sup>28</sup>. The Law had been drafted by international experts but was not being implemented simply because very few people knew what it was for – it had been passed simply to keep the international community happy. The ultimate purpose of a Civil Service Law is to develop public confidence in government service. But there are various ways in which this might be done – and a particular law will emphasise one of these approaches more than others. Poorly-drafted laws will embody contradictory theories about how to achieve the ultimate goal. I’ve summarised some of the arguments in the table 2.

This table shows the different types of reasoning involved and reminds us that people have various reasons for behaving the way they do – obedience to the law is only one of the reasons.

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27 Although its suggestion that local companies should be used more (which is actually EU policy) fails to appreciate that these (like NGOs) generally ape the defective thinking criticised in this paper.

28 Our project was supposed, of course, to have arrived much earlier!

**Table 2**  
Policy arguments for civil service reform

<b>Injunction</b>	<b>Reasoning</b>
<b>Make recruitment open and competitive</b>	A more representative system will be trusted more
<b>Pay well</b>	Minimise temptation
<b>Give good training</b>	It is performance which inspires trust
<b>Check the performance – and promote the performers</b>	Ditto
<b>Have a code of ethics – and enforce it</b>	Moral persuasion Public standards which will shame officials into changing behaviour
<b>Have strong leader cadre</b>	Behaviour of senior executives services as an example – “walk the talk”

If we wish to change people’s behaviour, we should look at all options – and, where behaviour patterns are strong, we often need to use a battery of tools. The next table illustrates some of these –

**Table 3**  
Motives and instruments in the change process

<b>Motivating Factor</b>	<b>Example of instrument</b>	<b>Particular mechanism</b>
<b>1. Understanding</b>	Training Campaigns Functional review	Rational persuasion Factual analysis
<b>2. Commitment</b>	<b>Leadership</b> Communications Training	Legitimisation; inspiration Pride
<b>3. Personal Benefit</b>	Pay increase and bonus Promotion (including political office) Good publicity Winning an award	Monetary calculation ambition obedience Reputation; Psychological Status
<b>4. Personal Cost</b>	Named as poor performer Demotion Report cards	Psychological (Shame) Monetary Pride
<b>5. Obligation</b>	<b>Law</b> Action plan Family ties	Courts Managerial authority Social pressure
<b>6. Peer influence</b>	Bribery Quality circles	Pressure Support
<b>7. Social influence</b>	<b>Opinion surveys</b> <b>Public demonstrations</b>	Feedback from public about service quality



When a new system – such as decentralisation – is being introduced, the tools we use for that change have to match the motives. What is it that is most likely to make target groups change their behaviour? Simple instructions? Threats? Incentives? Explanations and understanding? Involvement in the decision-making? Moral exhortation?

Many people tell us that the only effective mechanism in ex-soviet countries is that of the command – whether in the form of laws or injunctions from the boss (point 3 in the table). Other people would argue that *rational arguments* (eg in training sessions) or *leaders* make a difference – and can inspire those in the organisation to change (points 1 and 2 in the table). Before choosing an instrument, we need to look very carefully at the assumption we are making about how the target group behaves. Will this instrument actually work? How likely is it to produce the behaviour you want?

I have to question how carefully such issues are explored when ToR are drafted! Of course donors will have their country profiles – and often their manuals on what they consider (at that moment) “works” in various sectors. But this does not mean that these are read and understood. And I know this is an issue not just for the EU – not so long ago I sat at a meeting in Central Asia with a (visiting) World Bank expert who announced one of their initiatives in the country with reference to it having worked well in Pakistan.

### 4.3 An Alice in Wonderland awards system

The procurement methods used by donors are not exactly calculated to obtain consultants who will “make a difference”. A points system is used to evaluate bids for projects which marks for –

- Project methodology
- Staff experience
- Financial bid

The first is often written by junior personnel back in Western Europe specially trained in this arcane skill in a contracting company<sup>29</sup> – the first the Team Leader sees it is when he arrives in the country to start the project. And, in any event, it can be thrown into the bin since the Team Leader has to write an inception report which takes proper account of the situation. Nonetheless this methodology accounts for more than 50% of the points awarded by evaluation panels to the competitive bids.

“Key experts” are then assessed – but only in relation to the particular qualities which have been specified. And these are about the location and length of the experts’ experience – never for the quality of their team management, initiative, commitment or professional outputs. To seek references indeed is off-limits in a

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<sup>29</sup> Although I readily admit that the more established companies take his more seriously. It is the smaller “cowboys” who should be ejected from the system.

competitive recruitment process! And yet these, surely, are precisely the features of a potential team we need to know about in the selection of personnel for a project. The private sector would never allow itself to be hamstrung by such nonsense. Such reflects a system in which the interests of the beneficiary are given a low priority – against the needs of the system itself.

#### **4.4 Control and performance management**

It is highly ironic that we use an instrument of such Soviet pseudo-rationality as the logframe<sup>30</sup> in the transition countries!! It is doubly ironic for those of us who are supposed to be bringing a more flexible approach to public administration. We are expected at the beginning of a 2 year project to enumerate precisely project outputs – just as in good old Stalinist days. But many of us are trying to encourage officials to be more innovative!! Do the designers of such instruments not realise that its use sends such a powerful message about administrative methods as threatens to undermine all the training done in our projects?<sup>31</sup> But, of course, the point is that large organisations are in default mode – there is no one really in charge!!

Why are the subjects of the “risks” in the logframe of our projects always on the beneficiary side? Why is there never any reference to badly-designed projects, of too short a duration – with inappropriate foreign experts? After all, it is these latter factors as much as local conditions which make technical assistance projects that much less effective than they might have been. And do we realise how much of the limited time of top-level advisers Technical Assistance takes. I worked closely with the Head of one national municipal association and he seems to spend half his day meeting representatives of the 20- odd donor bodies in this country of 5 million people.

#### **4.5 And so?**

And yet, despite these problems, I can feel reasonably satisfied with what I achieved after 2 year projects in my last 2 CIS countries. In one case I have in fact been with the country four years (brought back under a small “policy-advice” project to work with the newly appointed Chairman of a State Body who had been my beneficiary in the previous project). In the other case, the short time-scale and size of the project did make us focus from the beginning on the question of what value we could add – and helped us do some distinctive work. Reflecting on the 15 years I’ve been in the field and the critiques of project-based work (as against programmes); and wondering whether there might be a better way of allocating people to positions, I have the strange thought that the EU project-based procurement system

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30 See Lucy Earle’s paper “Lost in the matrix; the Logframe and the local picture” –given at IN-TRAC’s 5<sup>th</sup> Conference on Evaluation in 2003 for an interesting comparison of the rational and anthropological approaches to consultancy

31 Which is why I always refuse to write a logframe.

is a good example of the “fatalist” quadrant of Hood’s famous typology. Its arcane procedures – designed to combat favouritism and corruption at the selection stage – in fact give team leaders considerable scope for flexibility.

## 5. The Tools

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Apart from the annual assessments, IFIs have pushed at different times, the following **basic mechanisms to try to create in transition countries a system of public administration which is responsive to public need** –

- *Judicial reform*; to embed properly the principle of the rule of law
- *Budgetary reform*; to ensure the integrity and transparency of public resources
- *Civil service laws, structures and training institutions* – to encourage professionalism and less politicization of staff of state bodies
- *Impact assessment* – to try to move the transition systems away from a legalistic approach and force policy-makers to carry out consultations and assess the financial and other effects of draft legislation
- *Functional Review* – to try to remove those functions of state bodies which are no longer necessary or are best handled by another sector or body.
- *Institutional twinning* – to help build the capacity of those state bodies whose performance is crucial to the implementation of AC
- *Development of local government and NGOs* – to try to ensure that a redistribution of power takes place
- *Anti-corruption strategies* – which incorporate elements of most of the above

My critique of many of these tools – particularly the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> – is that they are too technical and abstract from politics. I am drafting a paper on this which I hope to present at the next NISPACEE conference in Kiev. The various critical essays edited by Carothers (2006) on the experience rule of law is one of the few easily accessible critiques in this vein.

## 6. Breaking the hubris of social science

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The title of this paper asks a question – a rather rhetorical, if not ironic, one perhaps. My argument has been that the TA system in this field of administrative reform cannot be conducted like a business, religion<sup>32</sup> or surgery. Too many programmes and projects are designed out of context in a high-handed manner (counter to basic principles of organisational consultancy) by highly trained people in highly bureau-

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32 At least not in the dogmatic sense – although, as Harrison argues, consultants do perhaps need to have more “love”

cratic organisations who have little direct experience of the messy nature of real change. What they produce are the typical products of rationalist mentality – which no amount of tinkering can make more effective.

*I suggest that this presents those of us who have got involved in these programmes of advising governments in these countries with a real moral challenge. After all, we are daring to advise these countries construct effective organisations – we are employed by organisations supposed to have the expertise in how to put systems together to ensure that appropriate intervention strategies emerge to deal with the organisational and social problems of these countries. We are supposed to have the knowledge and skills to help develop appropriate knowledge and skills in others! But how many of us can give positive answers to the following 5 questions? -*

- Do the organisations which pay us practice what they and we preach on the ground about good organisational principles?
- Does the knowledge and experience we have as individual consultants actually help us identify and implement interventions which fit the context in which we are working?
- Do we have the skills to make that happen?
- What are the bodies which employ consultants doing to explore such questions – and to deal with the deficiencies which I dare to suggest would be revealed?
- Do any of us have a clue about how to turn kleptocratic regimes into systems that recognise the meaning of public service?<sup>33</sup>

Innumerable initiatives in innumerable countries over decades have shown a far more powerful and effective way of building capacity – based less on technocratic approaches and more on working pragmatically at different levels on appropriate developments defined by the beneficiaries.

During the 1990s, when new economic, electoral, financial and parliamentary systems were being constructed from scratch, it was reasonable to insist that foreign experts with the knowledge of those systems were needed to take the lead in transition countries. And as accession countries neared the point of accession, it was reasonable to insist that civil servants from the matching EU Ministries should come and tell the transition Ministries how to work the *Acquis Commaunitaire*. But the task of making these systems actually work and achieve public benefit in the conditions which operate in CIS countries requires a very different approach.

As I was thinking about how to draw an end to this paper, two things caught my attention. First was the table below – taken from the latest book of one of the

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<sup>33</sup> Anti-corruption strategies have, of course, become very fashionable in the international community – but seem to me a good example of a mechanism which serves the interests of donors (jobs) and beneficiary countries who have such strategies wished upon them. For the latter it gives the pretence of action and also fits with the traditional culture of rhetorical exhortation.

most interesting writers in the development field one of whose early books was titled, memorably, “Putting the Last First”. As you would expect from such a title, his approach is highly critical of external technical experts and of the way even participatory efforts are dominated by them. Sadly, few younger consultants<sup>34</sup> in the field of admin reform (particularly NPM ones!) are familiar with the development literature (Tribe and Summer). The table maps out four different philosophies of development.

**Table 4**  
Four approaches to development

<b>Approach</b>	<b>1. Benevolent</b>	<b>2. Participatory</b>	<b>3. Rights-based</b>	<b>4. Obligation-based</b>
<b>Core concept</b>	Doing good	effectiveness	Rights of “have-nots”	Obligations of “haves”
<b>Dominant mode</b>	Technical	Social	political	Ethical
<b>Relationships of donors to recipients</b>	Blueprinted	Consultative	transformative	Reflective
<b>Stakeholders seen as</b>	Beneficiaries	implementers	Citizens	Guides, teachers
<b>accountability</b>	Upward to aid agency	Upward with some downward	multiple	Personal
<b>Procedures</b>	Bureaucratic conformity	More acceptance of diversity	Negotiated, evolutionary	Learning
<b>Organizational drivers</b>	Pressure to disburse	Balance between disbursement and results	Pressure for results	Expectations of responsible use of discretion

Source; *Ideas for Development*: R. Chambers (2005) p 208)

The unease some of us (Coombes) have been increasingly feeling about PAR in transition countries is well explained in that table. The practice of technical assistance in reshaping state structures in transition countries is stuck at the first stage – although the rhetoric of “local ownership” of the past 5 years or so has moved the thinking to the second column. The challenge is now two-fold, to make that rhetoric more of a reality and then to move to try to ensure that citizens actually benefit from all the activity! I have a dreadful feeling, for example, that the whole process of Accession means that too much time has been spent on incestuous activities in and between state bodies – and that the citizen is forgotten except when the dangerous

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34 The older ones, of course, have considerable experience of Africa – which has a dual problem. They come with jaundiced eyes; and beneficiaries in transition countries do not take kindly to being compared with Africa.

language of subsidiarity and transparency are used. George Orwell would have had a field day in the way such words are used as a substitute for thought!

Some parts of the EC do understand these issues – but the compartmentalisation which followed the restructuring of the recent Commission has meant that the thinking of the Development side of the EC stops at the door of RELEX which handles the short-term contracts which govern this work in transition countries. This is a topic which figures strongly in the second paper which fortuitously came to my attention – the 2004 SIGMA overview of PA in the Balkans – written ironically precisely at the time the procurement (rather than development) philosophy won the day in Brussels<sup>35</sup>.

The conclusions of that 2004 paper offer an excellent way of ending this one. “Too often”, it says “PAR strategies in the region are designed by (external) technocrats with a limited mandate. Public Administration reforms are not sufficiently considered as political interventions which need to be sustained by a coalition of interests which includes business, civil society and public sector workers”.

The paper then goes on to make the following very useful injunctions -

- Get the administrative basics right – before getting into the complexity of NPM-type measures
- Focus on establishing regularity
- Tackle systems - not agencies
- Develop the young; constrain the old<sup>36</sup>
- Be serious about local ownership
- Avoid having a project focus force governments into unrealistic expectations
- Address the governance system as a whole – eg parliament and admin justice

## **7. Changing people or systems?**

Crisis management – and financial and moral corruption – are some of the present-day features of all centralised systems. How does one change such cultures? This is the fundamental issue<sup>37</sup> which has to be tackled before administrative reform will readily take hold. Where are there examples of highly centralised societies developing systems of staff involvement in the improvement of services. Japan is one obvi-

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35 see also Santiso (2004)

36 although I have reservations about the “ageism” of this. Young people from the region educated in Western Europe have a shocking arrogance (perhaps because they have no local role models – perhaps because of the nature of the social science they have been taught) which means they are doomed to repeat the mistakes of the past.

37 The other, related, one is that of the lack of management systems in state bodies.

ous example – famous now for the way management engage staff in a continuous dialogue about how to improve what their services and products offer the customer. But this is a relatively recent phenomenon – brought on by the combination of the shock of Second World War defeat and the import under General MacArthur’s regime of a little-known American management guru, Edward Deming whose statistically based approach to “quality management” so transformed Japanese – and, ultimately and ironically, – American industry. Before then, organisational structures had the same features of subservience as CIS countries.

This raises the conundrum – is it people who change systems? Or systems which change people?

Answers tend to run on ideological grounds – individualists tend to say the former; social democrats the latter. And both are right! Change begins with a single step, an inspiring story, a champion. But, unless the actions “resonate” with society, they will be dismissed as mavericks, “ahead of their time”.

A significant number of people have to be discontent – and persuaded that there is an alternative. The wider system has to be ready for change – and, in the meantime, the narrow and upward accountabilities of the administrative system can be – and is so often – malevolent, encouraging people to behave in perverse ways.

## 7.1 Some preconditions of change?

Formal and informal systems are a well-recognised fact of organizational life<sup>38</sup>. Whatever new formal systems say, powerful informal systems tend to ensure the maintenance of unreformed systems – until, that is, and unless there is a determined move to change. What do I mean by “determined move”? -

- Ensuring, by communications, leadership and training, that **people understand** what the reform is trying to achieve – and why it is needed
- Development and enforce detailed **instruments**
- Networking in order to **mobilise support** for the relevant changes
- building and empowering relevant **institutions** to be responsible for the reform – and help drive it forward

Administrative reform is an intervention in a social system – or rather set of interlocking systems. Like an organism, it will quickly be rejected or absorbed unless it can relate to elements in these larger systems. We are these days advised always to carry out “stakeholder analyses” – to track who will be affected by the changes and how the indifferent or potentially hostile can be brought on side or

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38 In 1970, Donald Schon coined the phrase “dynamic conservatism” in *Beyond the Stable State* to describe the strength of these forces in an organisation.

neutralised<sup>39</sup>. This is sound advice – and such an exercise may sometimes suggest that certain aspects of reform should be delayed. A paper<sup>40</sup> on the Russian experience of civil service reform is one of the few to try to offer an explanation of how the combination of specific internal and external factors has constrained the reform process in that particular country eg variable political leadership and support; variable administrative leadership and capacity; political and social instability; minimal civil society; the preponderance of old apparatchniks; cultural factors; and ‘windows of opportunity’

“Cultural factors” is a general term which includes the role of the extended family<sup>41</sup> which undercuts competitive hiring practices. And it is well known that in such societies, public positions which give access to lucrative revenue flows are bought at huge sums of money<sup>42</sup> Such practices hardly give promising preconditions<sup>43</sup> for introducing a competitive system of meritocratic recruitment to the civil service! Civil Service Reform in CIS countries needs

- widespread acceptance that change is needed
- spurred on by an event
- some workable propositions
- an action plan
- a lead structure
- with skilled change agents

## 7.2 Windows of opportunity

The point about such windows is that they have to be prepared for – and recognised when they arrive!! The public administration reforms of Poland and Hungary were, arguably, as effective they were because of the extent of preparation by reformers<sup>44</sup> during the 1980s – in isolation from the power structure.

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39 see the useful discussion in Lovell's paper on “Gaining Support” by which uses the dimensions of “agreement to change” and “trust” to distinguish allies, adversaries, bedfellows, opponents and fence sitters

40 “Hard cases and improving governance; Putin and civil service reform” by Pat Grey (2004)

41 see the paper “The role of Clans in post-independence state-building in Central Asia” by Janna Khegai (2004 ECPR conference paper available at [www.essex.ac.uk/ECPR/events/jointsessions/](http://www.essex.ac.uk/ECPR/events/jointsessions/))

42 an extended article on the Uzbek system by Dmitry Pashkun of the National University of Uzbekistan quotes prices of \$2 million for the position of regional governor is published in the spring 2004 issue of NISPAcee News – at [www.nispa.sk](http://www.nispa.sk)

43 The “strategies and sequencing” section of the very useful World Bank website on Administrative and Civil Service reform contains a fuller discussion of this, developing a typology with the twin axes of capability and motivation. This can be found in – [www.worldbank.org/publicsector/civilservice](http://www.worldbank.org/publicsector/civilservice)

44 See unique account written in the book by insider Regulski of the almost 20 years of preparation and change which went into the construction of the Polish local government system (available on the LGI Budapest website).



## 8. In-conclusion

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*“I don’t care what you know. I want to know how much you care!”* A Romanian colleague in 1992

The international community has had it lucky so far – EU accession was a powerful incentive to central European governments and societies to make changes in their ways of doing things. In non-accession countries the picture for friendly and effective state bodies is less rosy. So what does one do? Limit oneself in countries with a context hostile to reform to funding NGOs and giving the odd scholarship? Keep one’s powder dry and put one’s hope in the future generation?

In places where the EU incentive does not realistically exist, **competition** of two sorts seems to offer some footing for PAR –

- To be investment-friendly regimes
- To have the image of making most progress within the particular Region (particularly to attract TA and develop the new Neighbourhood mechanism in eg Caucasus)

But such competition is rather a blunt incentive compared with that of accession. Attention needs to be paid to the details of each local context. Laws, regulations and other policy tools will work if there are enough people who want them to succeed. And such people do exist. They can be found in -

- **Parliaments** – even in tame and fixed parliaments, there are individual respected MPs impatient for reform
- **Street-level bureaucrats** and their **national Associations**; many officials are frustrated with the legal overload, lack of funding and preparation for laws. Professional associations – which presumably the *Acquis Commaunitaire* has helped develop – are an important force for testing the feasibility of draft policy measures if the consultations required by impact assessments are carried out seriously.
- **Ministries of Finance**; have an interest in policy coherence.
- **NGOs**; those which actually do represent specific social interests also have a high motivation to solve problems
- **Local Government Associations**; municipalities have great potential for change. They have legitimacy – although generally they are starved of resources. But if the councillors can develop strong links with local people and establish good national links – eg with an effective Association of municipalities – this can have a very positive effect.

- **Audit Bodies;** as government audit extends beyond the question of whether the spending of state bodies has been legally sanctioned, it moves into the critical area of “value for money”. This, however, takes considerable time...
- **Younger generation** – particularly in academia, policy shops and the media

The question is how they can become a catalytic force for change – and what is the legitimate role in this of donors? To begin to answer such an enormous question takes us into a wider literature than is normally read by consultants in the PAR field – those of history, development and policy development.

In a sadly out of print and much neglected book, Hood and Jackson suggested striking metaphors (or stereotypes) we use in our thinking about public administration organisations –

**Table 5**  
Metaphors for organisations

	<b>1. Military Stereotype</b>	<b>2. Business Stereotype</b>	<b>3. Religious Stereotype</b>
Slogan	Run it like the army	Run it like a business	Run it like a monastic order
Work force	Limited career	Hired and fired	Service for life
Motivation	Fear of punishment Hope of honours	Fear of dismissal Hope for money	Fear of damnation Hope for salvation
Control	Audit of war	Impersonal	Faith; social acceptance
Objective setting	Orders of day	Profit	Worked out at length in discussion and reflection
Belief	Obedience to leadership brings efficiency	Incentives to reduce waste and search for innovations	Lifetime internal commitment limits rash selfish ideas

The military metaphor is as good a summary of the culture of CIS systems as we will find! The religious stereotype makes a good metaphor for the classic civil service which the liberal consultants would have us create – and the business stereotype for the NPM principles of the neo-liberals. I would like to propose a fourth metaphor for our work in countries such as CIS – that of the bazaar.

	<b>4 Trading metaphor</b>
Slogan	Run it like a bazaar
Work force	Buys its position
Motivation	Fear; mafia hope; green card to USA
Control	Peer
Objective setting	Negotiation
Belief	Win some, lose some

I would ask that those of you who have read this far and are interested in pursuing such questions – and the others raised in this paper – to contact me – at bakuron2003@yahoo.co.uk .

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The main theme of NISPAcee's 14<sup>th</sup> annual conference, held in Ljubljana during May 2006, was the re-building professionalism and accountability in the administration of states in transition from highly-protected state-trading systems to the pressures of competitive markets and pluralist democracy. Published here is a selection of the papers presented to that conference by scholars and practitioners from NISPAcee's unique network in the region of Central and Eastern Europe and the former USSR. The papers have been abridged, edited and introduced by leading international experts in the field, and collected into sections relating to different major issues of the theme. Those issues are controversial for governments in the region, as well as for the international agencies and organisations that manage foreign assistance for the process of transition: the introduction of new methods and structures for making and implementation of public policy; the elaboration of normative conceptions of public service with new mechanisms to apply the rules of conduct for officials; and the relationship between those outside and those inside the region itself, on which reform of public administration depends, but which many believe is not working as it should.

The various contributions demonstrate how much local experts and practitioners in Central and Eastern Europe have been influenced since 1990 by contemporary developments in public policy and public service in the more advanced open economies and liberal democracies. They also show how and why it is crucial for those at the source of those extraneous influences to make up for their previous neglect, and even downgrading, of the need for professional and accountable bureaucracy in the long and difficult struggle with the 'transition', which seems to have brought so far mainly insecurity and impoverishment for a majority of those living in the region concerned.

David Coombes is Professor Emeritus (European Studies) of the University of Limerick, Ireland, and Visiting Fellow at the Governance Research Centre in the Department of Politics, University of Bristol, UK. During a long career as teacher, author and consultant in European politics and public affairs, he has published extensively as well as lectured, and given high-level advice to policy-makers throughout the region of CEE and the CIS.



**ISBN 978-80-89013-30-2**