Trends of Economic Development in Armenia

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After the collapse of the Soviet Union Armenia has, above all, faced the challenge of economic viability on its path to a free market. The current state of the economy and the prospects of economic reforms have been greatly determined also by the social, political and human factors unique to the country, such as an economic blockade by the two neighbouring countries, consequences of 1998 earthquake, the country’s geographically landlocked position, continuing conflict with the neighbouring country, and deficiency of critical natural resources. It is against this scenario that we discuss several economic reforms and the state of economy in Armenia.

One of the first steps Armenia took towards a market economy was the change of the ownership structure by increasing the share of private sector - i.e., privatisation. Already in 1997, 75% of GDP were produced by the private sector.

[continued on page 2]
De-monopolisation of the economy and the creation of a competitive market go hand in hand with the price liberalisation in a market oriented reform. De-monopolisation process cannot be considered completed in Armenia. It is difficult to give official estimates in this sphere, but there still is a monopoly in such businesses like cigarette production, tele-communication, import of gasoline and spirit, and the print and its distribution industries (the latter two are state monopolies).

Fiscal responsibility of the government is one of the critical preconditions of successful transition. Based on various estimates we can argue that one of the less successful points of the government’s economic policy has been and remains its fiscal responsibility. First, the state is running a big, annually increasing budget deficit: In 1998 the deficit comprised of 2.1% of GDP, in 1999 it had reached 5.7% of GDP, and this year de facto deficit approximates 8% of GDP.

The external debt of the government is growing at a fast rate as well, approaching the 50% permitted limit: In 1998 the debt outstanding comprised of 38.9% of GDP, in 1999 – 45.4% of GDP, while only for the second quarter of 2000 the estimate is 44.5%. The other part of the government’s fiscal responsibility is an effective tax system, which includes both the discipline of collecting taxes and the optimum tax rate. One of the staggering points in the economy is optimal tax collection and the size of the shadow economy. First, no considerable change is observed over years in the share of tax revenues in GDP: In 1998 the share of tax revenues in GDP was 16.6% (total revenue/GDP ratio was 18.1%), while, in comparison, the mean for CEE countries for the same year is estimated to be 25%. In 1999 total revenues comprised of 17.1% of GDP, with tax revenues comprising of 85.1% of total revenues, in 2000 total revenue/GDP ratio is 20.1%. The reason is the large tax gap or tax arrears – i.e., potential taxes not collected, that have lingered over the years. In 1998 tax arrears equalled 35 billion Armenian Drams (AMD), in 1999 this figure increased to 48 billion, while by the 2nd quarter of 2000 it has mounted to 53 billion AMD. In 1996 the size of the informal economy in GDP was estimated to be 52% (while 28% and 39% in CEE and NIS countries.) Some high-ranking officials of Armenia report that currently about 40% to 60% of the economy is in the informal sector.

Small and medium size businesses in Armenia complain about unfavourable tax rates, stating that they cannot be profitable if they fully pay taxes. “A considerable number of enterprises (65-70%) hide, or intend to hide more than 50% of their income thus indicating an expansion of the shadow economy”.

Finally, a country transforming to a market-oriented economy should have a sound social safety net, since the collapse of the economy, privatisation, liberalisation of prices, etc., have created a huge army of vulnerable social groups. The social safety net can hardly be estimated as adequate in Armenia, and poverty is a serious concern and problem for the country. The
government has recently changed the social payment system into a unified monthly payment on family basis (The various types of social payments in the past - unemployment assistance, payments to orphans and single people, payment to single mothers, are abandoned for the new system of poverty allowance). This money is however negligible and cannot alleviate poverty in Armenia. Today 80 to 85 % of the population in Armenia are on or below poverty level (90% of the population consider themselves socially vulnerable). The real unemployment level is from 25% to 28%, if we consider the hidden unemployment level as well. The level of underemployment (especially in the public sector) is very high, and there is great social-economic polarisation: 90% of the country’s private wealth belongs to less than 10% of the population. Average monthly wage is half than is necessary for the minimum subsistence level calculated to be 50 - 60 USD.

Although economic reforms have been put into execution in the country, it is difficult to make future predictions as to what are the economic perspectives of Armenia. The low level of investments that could have a catalytic effect on the economy persists in a situation of high level of unemployment, underemployment and poverty, increasing budget deficit and outstanding debt. The govern-

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References
Budgeting in Local Government in Russia

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Municipal revolution in Russia

In 1992-1996, after disbanding a network of raion and city Soviets and adopting a set of laws on local government, a municipal revolution took place in Russia. The revolutionary process involved developing a discrete economic and legal framework of life, creating new system of governing bodies at the local level, developing its own tax base and establishing intergovernmental budget relations. In addition the creating of a network of educational institutions for preparing professional public employees and establishing a tradition of electing representative bodies and mayors. The process of delegating authority from the federal centre to regions and from regions to localities has started.

In 1993-1997, there were examples of the success of local governments under market conditions in Russia, but huge territorial and social inequalities have developed: municipalities with export-oriented major industries were much more successful than the rural or Far North municipalities. Economic hardship and the privatisation process have led to the transfer of all social infrastructure from plants and factories to municipalities, which increased the budget burden by dozens of times. Parallel with that the federal centre imposed „unfunded mandates” to deal with urgent social problems on regions and municipalities (see table 1).

All these developments prove the need in effective and autonomous municipal budgets in order to counteract monopolistic actions of higher authorities and big businesses in politics and economy and create a basis for stable local economic development.

Legal environment and institutional framework

There are more than 80 federal legal acts and norms regulating the budgetary process in Russia. The total number of the regulations prescribing the budgetary process in a municipality is about two hundred documents. Quite clearly, it does not help make local budgetary process more effective. In general, the normative basis of local government budgeting in Russia is characterized by tangled and contradictory basic normative acts, instability of tax laws, and the widespread practice of long lasting inter-budgetary law suits between regional and local governments which should have been reduced after the enactment of the budget code and tax code in the year 2000.

On the whole, the institutional system has three levels divided into three branches. However, the separation of powers is unclear. The following institutions deal with local government budgetary issues:

- Federal governmental institutions and structures: the president, the government and its ministries, state committees, State Duma and Federation Council, Oversight Accounting Board, the Central Bank, State Treasury, Federal Foundation for Region’s Financial Support, Federal Foundation for Municipalities’ Financial Support, State Tax Directorate, tax police, etc.
- The level of subjects of the federation and federal districts: governors and regional governments, presidents and governments of republics, presidential representatives in the seven federal districts, regional Dumas and Congresses, governments of cities with dual status (as subjects of federation and municipalities) - Moscow and St. Petersburg.
- The level of local self-government: local executive and representative bodies of power in municipalities. City Dumas, mayors and city administrations, municipal departments and agencies that participate in the budgetary process.
- Major governmental non-budgetary funds have a major influence on the municipal budgetary process. These funds include social security fund, the Russian pension fund, regional medical insurance fund and the state employment fund.
- State-owned and private enterprises involved in local budgeting process through contracting out and municipal orders. Authorised banks, municipal insurance agencies, municipal non-governmental pension funds, charity foundations may also be involved.
- Other public associations and organisations. Obviously, having

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<th>Table 1. Regional and local budgets’ social spending compared with federal (percentage of the total)</th>
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<td>Regional and local budgets</td>
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this structure of institutions of the budgetary process, it is next to impossible to implement the idea of budgetary autonomy.

Problems of local government budgeting in Russia

1. Problems of budget formulation and accounting.

Local budgets in Russia lack economically sound financial plans and forecasts, especially middle and long term. As a rule, during the budget formulation different social and demographic forecast data are ignored. The revenue part of local budgets is being consistently raised too high by regional governments when formulating so-called „consolidated budgets”, at the same time local governments bring the estimates down. Regional governments are motivated to reduce the amount of funds transferred to local governments, and the latter try to reduce the amount taken from shared revenue sources by regional and federal governments. Another set of problems is the existence of different models of accounting in the public and private sectors (a national accounting system is not yet implemented); the cash flow accounting method dominates as the only budgetary accounting method.

2. Economic and financial problems.

„A consolidated budget” of the country or a region is formulated in the way that local budgets serve as a patch to finance the most urgent or politically unattractive social programmes. These programmes are funded according to a semi-official „residue principle”: the funds are released if there are enough funds for other programmes. Unfunded mandates are imposed on local governments very often; the federal and regional authorities withdraw budgetary funds from local governments by the direct sequestering of budget categories other than entitlements and they do not follow the approved budgets when it comes to grants and subsidies to local governments. In 1995-1998, only 50% of federal and regional grants and subsidies were actually transferred.

The practice of paying taxes by in-kind, financial surrogates, quotas, and barter exchanges resulted in widespread budget falsification and turned the budget formulation into a formal and useless procedure. Ungrounded bankrupting of a city forming enterprise seriously limits the resources available to local governments and their capacity to serve the population needs.

3. Political and communication problems.

Despite the norms of the Act on Budgetary Rights of Local Governments, local budgets are still the result of negotiations of a local administration with a regional government and, to a lesser extent, with federal authorities. Local budget formulation is extremely centralised: the upper authorities dictate and voluntarily interfere with local governments’ activities. On the other hand, the executive branch of local governments manipulates the extra budgetary revenues, which are not politically controlled by the representative body. Local administrations do not publicize their mismanagement of funds, and existing budget reports are hard to understand for an average citizen. There is a lack of clear separation of authority resulting in different governments addressing the same problem, overspending and waste. It is necessary to take into account the fact that the level of democratisation in local government in Russia is still very low, which results in almost the total suppression of community initiatives by mayors and local administrations. One of the characteristic features of municipalities in Russia is their dependence on natural, climatic and geographic conditions. For many Russian municipalities it is „natural” to be isolated. A number of these municipalities have a legal status of an offshore zone.
UN Thessaloniki Centre for Public Service Professionalism

The Centre was established by an agreement between the United Nations Secretariat and the Government of Greece.

A United Nations initiative in this field was mandated by resolution 50/225 of the General Assembly taken in 1996 at its resumed 50th session on public administration and development. In line with this resolution the Secretary-General, Mr. Kofi Annan, has instructed the Department of Economic and Social Affairs of the United Nations to give particular emphasis to the programme of support for and technical co-operation in administrative reform and human resources development.

The Centre: Its Mission and its Tasks

Based in Thessaloniki, the Centre has a dual mission and function:

- on the one hand, to support and to promote the modernisation of administrative systems in the countries of the Balkans, and Central and Eastern Europe, including C.I.S., through policy advice and intensive personnel training.
- on the other hand, to assist the countries concerned to join and participate in the activities of a global online programme for the conduct of a dialogue and the exchange of experience, data, ideas and expertise on the field of administrative reform.

Helping Administrative Reform in the Countries of Region

The Centre, working closely with institutions and experts specialised in public administration, both within the UN system and beyond, will design and implement programmes of modernisation and development. These programmes will have a twin focus:

**Thematic**

They will be centred on issues of human resources development and have as their objective the enhancement of performance and professionalism in the public service;

**Geographical**

They will target their activities on countries of the Balkans, Central and Eastern Europe and the C.I.S.

The programmes in question will use state-of-the-art technologies in information management and telecommunications, providing online services in training, education, policy advice, know-how and information exchange.

Participation in a Global Network for Administrative Modernisation

The Centre is a part and regional antenna of a global online network of the United Nations for Public Administration (UNPAN). Its goal is to promote the growth of a regional network of agencies responsible for administrative reform and human resources development of the Balkans, Central and Eastern Europe and the C.I.S.

As the hub of this regional network, the Centre, in addition to its advisory role, will perform the following tasks:

- collect and process data on programmes, methods, strategies and activities which target the development and modernisation of public administration in the region;
- classify this information on the basis of a model taxonomy system for public administration designed by the Division for Public Economics and Public Administration of the U.N. Department of Economic and Social Affairs, with the active participation of the Greek National Centre for Public Administration (GNC-PA).
- make such information accessible to any interested person, in any part of the world, through Internet, on website, in accordance with procedures approved by the United Nations Public Administration Network (UNPAN).

Creating And Partaking In Network: International, Regional And National Partnership Arrangements Among Agencies And Expert Consultants

The promotion and consolidation of stable multi-faceted partnerships with agencies at all levels - national, regional and international - represent a core objective of the Centre.

The Centre’s operation will be guided and co-ordinated by not only a Steering Committee composed of representatives of the United Nations and the Hellenic Government, but also representatives of the European Union and Member States from the region in which the Centre is active.

Partnerships in the United Nations

The Centre constitutes a unit and a project of the Division for Public Economics and Public Administration (DPEPA) of the
United Nations Department of Economics and Social Affairs. Under the overall guidance of Mr. Guido Bertucci, Director of the Division, DPEPA organises and sustains diverse projects of support for administrative reform and modernisation world-wide. The United Nations Public Administration Network (UNPAN) forms an integral part of its multi-faceted programme.

As an integral part of DPEPA, the Centre is part of this network and shares with other Centres the rich substantive inputs of experts and consultants from several parts of the world. Assistance from Professor Demetrios Argyriades, Consultant to DPEPA, has helped in the design, development and operations of the Centre.

Partnerships in Greece

Inputs from Greece extend well beyond the financial and other material support, which represent prerequisites for the effective operation of the Centre. The co-operation of the Hellenic Government also affords the Centre a range of opportunities for partnerships of a national and European scope.

Specifically, its ties to the Ministry of Interior Affairs and the Public Administration and Decentralisation on the one hand, and the Greek National Centre for Public Administration (GNCPA) on the other, offer the Centre access to a pool of information and technical know-how, which represents an outcome of administrative reforms and staff development programmes designed and implemented in recent years. They also make accessible the networks and the programmes that operate in the framework of the European Union.

Additionally, however, recent years have seen the emergence of a significant range of agencies and centres in Thessaloniki and Athens, whose activities complement those of the Centre. They are Universities, research centres, foundations and private enterprises, which could be future partners of the Centre in the transfer of know-how and the implementation of programmes.

Partnerships in the Countries of the Region

Most importantly, the Centre will establish working relationships with representative agencies that are active in the field of administrative reform and human resources development in the Balkans and the countries of Central and Eastern Europe and the C.I.S.

From these partners, the Centre will draw information and advice on the goals, needs and priorities of administrative reform and human resources development in all of the countries concerned. Most notably with regards to the need to enhance the role, professionalism, ethical values and standards of the public service at the national and sub-national levels. The Centre will use such advice and information in the design and implementation of pilot projects and programmes, in close co-operation with its regional partners.

Contacts and Communications

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UNTC inauguration

On 1st December 2000, the Greek Minister of Interior, Public Administration and Decentralization, Ms Vasso Papandreou together with the Director of the UN Division for Public Economics and Public Administration, Mr. Guido Bertucci, inaugurated the United Nations Thessaloniki Centre for Public Service Professionalism-Human Resources Development and marked the beginning of the operation of the Centre. The offices of the Centre are in the recently renovated premises of the National Centre of Public Administration, at 25D Koletti Street. All Ministers of Interior and the consular officials of the Balkan Countries were invited and attended as well as all local political authorities. The inauguration was also attended by Ms. Gajdosova of NISPAcee, Mr. Synnerstrom and Mr. Edes of SIGMA and Mr. Ryabukhin of the Interparliamentary Assembly of the C.I.S., all members of the UNTC Steering Committee, as well as Professor Argyriades, UN DPEPA Advisor. The 1st Meeting of the Steering Committee was held after the inaugural ceremony.

Demetrios Argyriades, UN consultant, Leonidas Tzanis, Deputy Minister of the Dept. of the Interior, Greece, Guido Bertucci, Director, DPEPA/DES, UN, Theodoros Tsekos, Greece (from the left)
Lithuanian Public Administration Training Association

The Association is a voluntary unification of the institutions that provide training to the Lithuanian politicians and civil servants at national and municipal levels.

Lithuanian Public Administration Training Association (LPATA) was officially registered on November 9, 1998.

Goals of the Association:
• to co-ordinate the activities of Association members in the fields of training, scientific research and consulting as well as to ensure the optimal use and development of the present resources;
• to participate in the formulating and implementation of state policy in the fields of qualification improvement of politicians and civil servants at national and municipal level;
• to ensure the quality of the services provided by Association members;
• to co-ordinate and conduct the researches on the needs to improve the qualification of politicians and civil servants at national and municipal level, to evaluate the training influence on the efficiency and effectiveness of the servants’ work;
• to conceive and carry out the projects in public administration field;
• to co-operate with the Lithuanian state administrative institutions of national and municipal level, associations and other local and foreign organisations;
• to provide the information about the Association and its members to the international organisations.

Many of the present public administration problems in Lithuania are stipulated by the inadequate qualification of civil servants and local administration. Realising the importance of this problem the Association founders at the moment prepare a project, the implementation of which would insure the requirements to the qualification of civil servants as well as the possibility for them to participate in postgraduate studies. In order to implement the project it is planned to utilise the present training resources and to develop them in co-operation with the international partners. A qualification insurance system would embrace civil servants of different categories and experience. The Lithuanian Public Administration Training Association is expecting to take its active part in the effective implementation of the public administration reform in Lithuania and in the Central and Eastern Europe countries.

Headquarters of Association, one of the founders’ addresses:
Training Centre at the Ministry of Finance
Birutes str. 56, Vilnius 2600, Lithuania
Fax. (+370 2) 72 16 37
Tel. (+370 2) 22 63 17, (+370 2) 72 43 84
to Web Sites

http://www.unl.ac.uk/ukraine/
The Institutional Strengthening Project (Ukraine) operates within the framework of the British Know-How Fund, which remains committed to the reform of public administration as an essential prerequisite of macro-economic, political and social stabilisation. The Project focuses on the Ukrainian Academy of Public Administration (UAPA) which is based in Kyiv with filial branches in Dnipropetrovsk, Kharkiv, Lviv, and Odesa.

http://www.coleurop.be
College of Europe is a unique and innovative postgraduate institute specialising in European education and training, and is located at its Bruges campus since 1949, and since 1994 also at its campus at Natolin, Warsaw.

http://www.egroups.com/group/ceescholarships
This is a list for the scholarship opportunities related to Central and Eastern Europe. This is both for Western scholars/students seeking to study abroad and students from CEE wanting to study in the West.

http://www.knoweurope.net
Internet guide to European information on the Internet.

http://www1.worldbank.org/publicsector/civilservice/
The World Bank’s Administrative and Civil Service Reform Website.
Calendar of Events

Events of UAPA, Odessa Branch, Ukraine

March 2001, “Economic and Legal Problems in Public Regulation of Market Economy”

April 2001, “Transitional Period Management”

April 2001, “Communication Technologies at Millenium Border”

April 2001, “Regions Development: Political, Economic and Social basis”

May 2001, “Improving of Methods and Tools of Regional Economic Processes Management in the Context of Administrative Reform in Ukraine”

June 2001, “Problems of Regional Health Care Policy Forming”

August 2001, “Project Management at Millenium Border”
  Working language: Ukrainian, Russian
  Contact: Cheban Alexander, 22 Genuaz-kaya Str., Odessa 65009, Ukraine, phone: +380-482-632 665, 639 514, fax: +380-482-639 249, e-mail: edvedeva@max.odessa.ua

Events of the Training Centre for Public Administration, National School of Political Studies and Public Administration, Bucharest, Romania

January 15-19, 2001, Seminar
  “Communication and Efficiency in Civil Services”
  Working language: Romanian

January 22-26, 2001, Seminar
  “Trainers Training in Public Administration on Acquis Communautaire”
  Working language: French, English
  Contact: Diana Chepetan, phone: +40-56-193 623, fax: +40-56-190 635

January, 30, 2001, Workshop
  “Current Aspects of the Development Strategy in Public Administration”
  Working language: Romanian
  Contact: Lucia Matei, phone/fax: +40-1-314 6507, e-mail: lmatei@snspra.ro

February 19-23, 2001, Seminar
  “Promoting the Performance and Quality in Civil Services”
  Working language: Romanian
  Contact: Carmen Savulescu, phone/fax: +40-1-314 6507, e-mail: carmens@snspra.ro

March 12-16, 2001, Seminar
  “Exigencies of Romanian Public Administration Reform Aimed to Comply with Acquis Communautaire”
  Working language: Romanian
  Contact: Olivia Todor, phone/fax: +40-1-314 6507, e-mail: lmatei@snspra.ro

April 16-20, 2001, Seminar
  “Training Programme for Civil Servants”
  Working language: Romanian
  Contact: Diana Chepetan, phone: +40-56-193 623, fax: +40-56-190 635

April 23 – May 14, 2001, Workshop
  “Presentation of Scientific Papers”
  Working language: Romanian
  Contact: Lucia Matei, phone/fax: +40-1-314 6507, e-mail: lmatei@snspra.ro

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January 22-26, 2001, Seminar
  “Trainers Training in Public Administration on Acquis Communautaire”
  Working language: French, English
  Contact: Lucia Matei,
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e-mail: lmatei@snspra.ro

COMING EVENTS
Recent Publications

“Human Development”
Editors: Vassily Kolesov, Terry McKinley
Language: English (383 pages), Russian (464 pages)
Price: 32 USD or equivalent in rubles, 10 copies and more 22 USD/copy
Textbook is available in Russian and English with the Russian version containing more detailed information on Russia. In both, the fundamental content is identical, approaching human development from several perspectives: providing an overview of the history and basic principles of the human development concept; presenting the economic aspects of human development, including economic growth, inequality, employment and living standards; examining the demographic components of human development, such as health, longevity, population aging, birth rates and reproductive health; understanding the relationship between human development and education; and finally, analysing the role of the state, gender inequality and environmental aspects in human development.

Besides being used as the core textbook for the Master’s course in Human Development, this textbook is expected to serve as reference material for Human Development workshops and conferences, in official political circles, among researchers and wide audience.

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“Lithuanian Political Science Yearbook 1999”
Editors: Algimantas Jankauskas et. al
Publishers: Institute of International Relations & Political Science, Vilnius

University, Lithuanian Political Science Association
Language: English
Price: free of charge
Contact:
Phone: +370-2-700 266,
fax: +370-2-700779,
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Publications of the SIGMA/OECD, Paris, France
A Comparison of the EC Procurement Directives and the Uncitral Model Law, SIGMA Papers No. 28

Centralised and Decentralised Public Procurement, SIGMA Papers No. 29

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SIGMA/OECD, Paris, France,
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fax: ++33-1-4524 1300,
e-mail: sigma.contact@oecd.org
http://www.oecd.org/puma/sigmaweb

Publications of Institute for Economic Research, Ljubljana, Slovenia

Ireland’s Economic Transition: The Role of EU Regional Funds – and Other Factors, Helen O’Neill,
Occasional Paper No. 1, 2000

Croatian Experience in Regional Policy, Sanja Malekovic, Occasional Paper No. 2, 2000

Sector Performance in the Slovene Economy: Winners and Losers of EU Integration, Boris Majcen,
Working Paper No. 5, 2000


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http://www.ier.si

Publications of UAPA, Odessa Branch, Ukraine


Actual Problems of Public Administration, scientific articles collection, Volume V. Odessa - „Astroprint“, 2000. 240 pages

Social and Humanitarian Policy, schoolbook, Emma A. Gansova, Odessa 2000, 66 pages

Basis of State and Law, schoolbook, Volodimir P. Maruzhak, Odessa, 360 pages
Review of Activities

Legal Regulation of Mixed Economy, Volodimir P. Maruzhak, Odessa, 300 pages

Labour Law, schoolbook, Volodimir P. Maruzhak, Odessa, 220 pages

Moldavites of Ukraine: Historical Retrospective and the Present, Scientific articles collection, Odessa - „Astroprint”, 2000

Political Administration of a Big City in the Terms of Self-government, Sergey Y.Sahanenko, Odessa, OB UAPA, 2000, 300 pages


Regional Political and Administrative Elite, Volume I, Programme and tools of the 1st stage of social research, Yakubovsky A., Popova L., Kunyavzky M., Odessa - „Astroprint”, 2000, 48 pp. (Russian)


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Publications of the Training Centre for PA, National School of Political Studies and PA, Bucharest, Romania

Acquis communautaire and public administration, Lucica Matei, Ani Matei, Economica Publishing House, Bucharest, 2000

This book presents an image concerning the undertaking and implementation of acquis communautaires in Romanian public administration. It presents the main issues concerning the development of European Union, the main priorities, as revealed by Agenda 2000, the process of pre-accession, its stages and conditions.

It also approaches the complex issues regarding the definition, understanding and application of acquis communautaires, the key conditions for Romania accession to EU, the legislation in Romania in the field of public administration, local development, public finance, the statute of civil servants.

Trends of Thinking Concerning Public Administration, Ioan Alexandru, Economica Publishing House, Bucharest, 2000

The book synthesizes and presents the most interesting trends of thinking concerning the aspects of modeling and researching of public administration. At the same time, it tries to propose a certain interpretation of a set of notions and concepts that might form the specific common language, enabling the specialists from various areas to find common communication bridges.


The book presents a successful approach of the concepts, principles, methods and models for the general theory of systems, applicable in public administration. It develops the cybernetic-administrative systems and it reveals the necessity for systemic approach of public administration.
International Conference “Civil Society and Regional Policy EU”.

The conference was held in Ústí nad Labem during 2.-3.11.2000. There were 50 participants from the Czech Republic, Slovakia, Poland and Germany. The conference was organised under the guidance of the Department of Finance and Accounting of the Faculty of Economics and Social Sciences at a facility of the University of Jan Evangelista Purkyne in Ústí nad Labem. The theme was coherent with the research proposal of the Faculty. The presented contributions were distributed into three professional thematic sections.

Section; “The Region as an Instrument for the Realisation of the European Citizenship” contains contributions concerning regional problems and its aspects as revitalisation of a surface-mining region, region environmental specifics, and regional integration into the border and international cooperation. The Sachson experience with approaching the European awareness, Poland’s experience with the transformation, and also views of mayors of some municipalities towards the border region development. There were also some presentations expressing the intentions of regional development institutions including utilisation of the NUTS region distribution. The discussion was also drawn on the question of a new perception of the European economic geography of today; "How do they see us from outside?" "Who are we and what can we bring to Europe?" "What is the united Europe in the context of a variety of opportunities and traditions?" Furthermore, it was enunciated that besides the economic aspect of the development, the social and civil aspect is inherent. Therefore, the accession of the Czech Republic must proceed in terms of a partnership and not in terms of some solict action.

Section “State Administration and Self-administration in the Process of the Public Democratisation” was dedicated to the theoretical and practical questions of the ongoing reform of the Czech public administration. The focus was put on decentralisation and deconcentration of the public administration, rationality of its management, public employee education, and ethics. In addition, procedures within the local self-administration, new tax amendments, public finances as an instrument of the management, information distribution within public administration, experiences with decentralisation of the Slovak public administration and the European economic geography of today; "How do they see us from outside?" "Who are we and what can we bring to Europe?" "What is the united Europe in the context of a variety of opportunities and traditions?" Furthermore, it was enunciated that besides the economic aspect of the development, the social and civil aspect is inherent. Therefore, the accession of the Czech Republic must proceed in terms of a partnership and not in terms of some solicitation action.

Section “Open Questions of: How to Form the Civil Society” was the content of the third section. The ground theme contained the questions of European awareness, democracy, public freedom, and public rights. The contributions concerned the socio-cultural suppositions in fulfilling the task of European integration and identification. Furthermore, there were presentations of the experiences with a forced democracy in tackling agricultural tasks in Poland, and also questions of a public society in a communication environment. Presentations of the second and third section were held simultaneously which emphasised the common linkage between the level in the civil sector and the level of the public administration in each society, which wants to be called “civil”.

Note: The proceedings (427 pages) named “Civil Society and the EU Regional Policy” was issued as one of the results of the conference. It is available at the Department of Finances and Accounting of the FSE-UJEPUsti nad Labem, Czech Republic (price - 50 CZK).
Good Governance as the Opponent to the New Public Management.

The First Conference of Social Sciences, Tallinn, Estonia, November 24-25, 2000
Georg Sootla, Tallinn University of Educational Sciences, Tallinn, Estonia

A workshop on Democratic Governance was held in the framework of Conference program. Researchers of Department of Government, Tallinn University of Educational Sciences initiated the workshop.

The workshop demonstrated two important specific points. Firstly, the borderline between political science and administrative sciences become slim after the attitudes of public and responsiveness of government organisations to citizens is considered as a crucial link in the institutionalisation process. Secondly, the amazement of radical politicians with the ideas of new public management in CEE countries has restrained the access of other „new“ ideas into the reform programmes. At the workshop the concept of good governance as one of alternative set of values was analysed from very many different points of views.

Public administration reforms, especially the radical ones are permanently returning to the old dilemmas that emerged at the very beginning of the transition. Analysis of politico-administrative relations, as well as reforms of local government, civil service, government decision-making have offered a great deal of empirical evidence to that thesis. Why, when we are entered into the vicious circle of old dilemmas and, despite radicalism and decisiveness, we were not able to find them satisfactory solutions? This was the main question, discussed at the workshop.

Democracy is the art of balancing contradictions without inclination towards one of them. This essential mechanism of pluralist politics, formulated by representatives of classical liberalism, has become the essential device of the institutionalisation and also for the governance structures. Dynamic balance must be developed also between the roles of „reform agency’s“ (Buchanan). Radical reform programmes have departed from the opposite paradigm. They try to find the incontestable “formula of victory” and to use this as a technical instrument in reorganising the government structures in top-down manner. The fact that the reform should change the behaviour and attitudes of people has been dropped. This kind of creationism pushed administrative reforms towards the oscillations from one alternative ideal type to another and did not offer real solutions.

Balance meant also the discourse between government and citizens. Good governance considers the discourse as an essential building block of institutionalisation. The study of the formation of an identity with the home-city revealed how different the ways could be in the understanding of an institution. The permanence of the legitimacy of government institutions could be explained by the fact that these are constellations of our past subjective meanings, including our prejudices. This approach can turn the fashionable issue of citizen orientation into the substantially other theoretical path.

One of the practical examples where the discourse principle of democratic governance might be very useful is the European integration. Up to the present day this has remained a largely a private affair of politico-administrative elite that has resulted not only in the promises to the European Union that could be hardly observed. The legislative process, according to empirical study, presented at the workshop, is still a very closed process, where citizens as well as experts rarely may participate. The role of parliament as a source of legislative initiative in Estonia is unusually high, but the quality of the proposals is much lower than in the case of government bills. The low quality of legislation makes the defence of the national interests in the European decision-making process quite questionable.

It appears that we have been quite good in learning the basic concepts of democracy but much less successful in following the spirit of democracy in real life. A comprehensive study of Estonian pupils revealed that knowledge of a democratic institution does not develop the understanding of how the existing democratic institutions are functioning.

Why? One of them - the role of media and journalists - was analysed. Estonian journalists have, in comparison with colleagues from Britain and France, a substantially different understanding of their mission. The latter saw their role in the mediation of information. Estonian journalists saw their main role in influencing the policy of the day. The party affiliation of journalists in Britain and France could be pictured by a uniform distribution curve. In the case of the Estonian journalists the curve inclined heavily towards the right end of the spectrum. The combination of these variables may result in the development, if a fictional reality, by the media.
Administrative Capacities for European Integration: The Demands of EU Membership on National Administrations and the Role of Training

Yrjo Venna, Head of Unit Central and Eastern Europe, EIPA, Maastricht, The Netherlands

Building upon the co-operation in previous years, NISPAcee and EIPA’s Scientific Council organised the second joint conference in Maastricht, The Netherlands on October 27-28, 2000. More than thirty participants from all accession countries to European Union from educational and training institutions as well as from the civil service, met with representatives of EU institutions to exchange experience and know-how in the field of capacity building in various national administrations. Attention was paid to the experience with capacity building in the current member-states of the European Union, and foremost to the challenges candidate member-states are currently facing. The second objective was to analyse the role of training in the process of capacity building.

Four keynote speakers addressed the main issues of the conference. Mr. Jaakko Kuusela (Finland) emphasised in his presentation on Capacities, Acquis and the Negotiations, that no ready-made models are available for capacity building. The compliance with the legal requirements is relatively easy to confirm whether the national law is in compliance with the EC law or it is not. Whether the administrative capacity is sufficient is much more difficult to assess. There are no clear-cut criteria. The most practical way is to benchmark with Member States who are successful in implementation and enforcement of particular policies. Concerning development of human resources, stability is vital.

Dr. Christoph Demmke (EIPA) looked at the impact of the integration on administration in the light of Member States’ experience. He mentioned that although the volume of EC legislation is large and numerous new acts are enacted every year, there is very little criticism in Member States. The capacities have been created to cope with the workload. For example in Germany it is estimated that 25% of the higher civil servants deal almost daily with the European issues. In addition to the contacts with the EU institutions, the officials are increasingly networking with their counterparts in other Member States. Dr. Demmke also commented the direct impact of the EC law on administration.

Mr. Andrzej Harasimowicz (Poland) spoke about the challenges for the candidate countries. He noted that the accession process is now, after Amsterdam, more complicated than in the previous enlargements. Not only is the integration process more demanding having new dimensions, but it also overlaps with administrative reforms that are motivated by necessary domestic reasons. There is no deep-rooted tradition of public administration as a service to people. Inter-ministerial co-ordination is often seen as a limitation to operational freedom. Administrative development does not enjoy popular support. To many politicians the capacity building means additional bureaucracy and bureaucrats, not to mention the budgetary costs. The result is that the process tends to be primarily legalistic. As the accession process is well advanced it is time to confront the challenges on both political and administrative arenas.

Dr. Les Metcalfe (EIPA) addressed the horizontal capacity building and the issues of policy co-ordination. He posed the question whether the EU is taking on more complicated issues than it has capacity to deal with? New policies and enlargement require capacities both at the EU and in the candi-
date countries. If co-ordination capacities are not created due to budgetary constraints, the administrative shock may follow two to three years after the accession. He referred to the hierarchical character of the co-ordination measures. Capacity development should start by strengthening the lowest levels, e.g. by sharing information between ministries.

Several case-studies focusing both on the development of horizontal capacity-building and on capacity-building in selected administrative sectors in the candidate member-states followed the opening presentations. Mr. István Kovács (Hungary) explained how the capacity to communicate EI issues to citizens was developed in Hungary, Ms. Svetlana Proskurovska (Latvia) presented a successful case on how the domestic reform needs and the membership requirements were met by creating capacities for financial control and internal audit in Latvia. Mr. Frank Bollen (EIPA) looked at the new regime of managing structural funds, and Mr. Andrej Engelmann (Slovenia) described the Slovene strategy of education and training for the enhancement of administrative capacity.

The meeting was finalised by a round table discussion chaired by Mr. Imre Verebelyi (Hungary) with the following conclusions:

1. Capacity building: There are very seldom clear criteria for capacity requirements. It is obvious that the candidate countries need more staff in their relevant administrative structures. That was also the case with the recent Member States. This has budgetary implications and will create pressure to increase state revenue, which is not popular. However, the enhanced economic growth will create more space for the governments to operate and to strengthen the administration. Stability is important for capacity building. Human learning is a slow process, and the competences are

to the comitology committees upon accession. This would give them extra motivation to study the policy issues and to develop language skills.

2. Information capacity: In most candidate countries the young, the well educated and the city dwellers tend to be most positive towards the membership, whereas the older, the less educated and the rural people tend to be the most negative. This division of opinions reflects the access to factual information between the segments of society. The newspapers are the most important sources of information. The problem remains how to reach ‘males between 18 and 35’ as they do not read quality papers and are not interested in political issues. It is also important to educate the EU citizens on the enlargement.

3. International networking: It was commonly concluded that networking between national administrations is very useful in the quest for better adaptation to the membership requirements, and benchmarking is a practical way to find solutions and best practises to follow. EIPA and NISPAcce were invited to continue with efforts to facilitate the communication and co-operations between the institutes in East and West.
NISPAcee OCCASIONAL PAPERS
CALL FOR PAPERS

We invite colleagues to submit their research papers in English for review. Papers should be written on relevant public administration and public policy issues based on empirical investigation carried out in CEE countries. The papers should not exceed 40 pages in length. If a paper is written in a native language, a three-page long English language summary could be submitted with the bibliography of the referred literature, and with information about the length of the whole paper. Those authors whose papers are selected for publication will receive a modest honorarium.

Contributors are invited to send their papers (hard copy and an electronic format as well) to the NISPAcee secretariat (contact information on the last page of the Newsletter).

PUBLICATIONS AVAILABLE:
Vol. I, No. 1, Winter 2000:
S. Saveska – Unemployment as a Social Cost of Transition in CEE: Applicability for the Republic of Macedonia
Vol. I, No. 2, Spring 2000:
V. Foretova, M. Foret – The Council and the Public

Vol. I, No. 3, Summer 2000:
E. Ordyan – The Problems of Public Administration in Armenia; S. Rudoi – Ukrainian Housing Management in Transition

Vol. I, No. 4, Autumn 2000:
E. Karnitis – Public Sector Information in Latvia – Processing, Availability and Use; D. Townsend, A. Bose: Control Issue in Foreign Direct Investment: The “One-Stop Shop” Experiment in Kazakhstan; R. Erker – Approaching EU Environmental Legislation in Slovenia

Vol. II, No. 1, Winter 2001:
B. Richman, R. Stryuk – Local Administration of Social Assistance Program in Russia; Marzena Weresa – Foreign Direct Investment and the Competitiveness of Poland’s Trade with the European Union; Yulia Ghazaryan: Obstacles to the Integration and Naturalisation of Refugees: A Case Study of Ethnic Armenian Refugees in Armenia

NISPAcee Discussion Area – Call for Participation

NISPAcee announces a new pilot project focused on an establishment of NISPAcee discussion groups on Internet.

NISPAcee welcome all interested individuals to join its new discussion area. We hope that you will use this area to exchange all kinds of information and requests and to comment on development of discussion groups on various topics and trends. All your questions, proposals etc. can be sent to the mailing address: nispaceeloin@gmail.com.

All information received to this address will be distributed among all the principal representatives of the NISPAcee member institutions during the pilot period of this project. In case you would like to have through all contributions have a look at the web site: http://www.nispa.host.sk.

We expect all your comments to creation of the discussion area within 3 months. Further development and establishment of discussion groups will depend on your suggestions and will be available from April 2001.

SIGMA and Other Publications – Translation into CEE National Languages

Goal of this project is to translate SIGMA and other relevant publications from English to CEE national languages.

How to apply:
Eligibility is limited to members of NISPAcee and other institutions with professional interest in public administration in Central and Eastern Europe. Applicants will have to prove the utility of the translated publications in their respective countries, the distribution policy, quality of translation, and an ability to cover the distribution costs. Priority will be given to institutions, which will distribute the publication at their own expense. Applicants should determine clear overall calculation of costs of translation (checking/editing) and publishing.

The deadlines:
• February 28, 2001
• May 31, 2001
NISPAcee Summer School 2001
Call for Applications
“Ethics and Responsibility”

Poland, Bialystok, August 20 – 30, 2001

The NISPAcee Summer School 2001 is organised in co-operation with the School of Public Administration, Bialystok, Poland.

The purpose of the international course is to encourage new methods of teaching the “Ethics and Responsibility within Public Administration Programmes” and to provide a forum for the exchange of ideas and the development of curricula.

The content will deal with all the major areas in public administration in which typically ethical issues emerge. Thus we will focus on the relationships between public servants and politicians and the media.

Secondly, we will deal with interpersonal relationships within administrative agencies both in terms of dealings with colleagues as well as between employees and their superiors.

Thirdly, we will cover the major problems encountered in public administration such as conflict of interest, corruption, commitment to the democratic norms, citizens and superiors and issues of openness and transparency.

Responsibility and accountability of public servants will be a major component of the course. We will discuss the changing shifts in treatment of these issues including the emerging new doctrine from both the national courts as well as European jurisprudence.

We will concentrate on developing strategies and tools aiming at improvements in standards of behaviour.

Most of the teaching will rely on cases dealing with all the major issues, using interactive teaching methods.

Language:
The Summer School will be conducted in the English language.

Participants:
This course is designed specifically for young university teachers of public administration from CEE and NIS countries and focused on teaching and curricula development.

Costs
The NISPAcee Summer School 2001 is supported by Higher Education Support Programme (HESP) of the Open Society Institute, Budapest, Hungary and participating organisations. Due to the sponsor’s requirements to conduct the Summer School on matching funds basis, the NISPAcee requests participants to make personal contributions in terms of finding sources to cover their own travel costs, other costs of the selected participants will be covered by the organisers of the Summer School.

Application procedure
Those interested in attending should send the following by the end of February 2001 to the NISPAcee Secretariat:
• Completed application form
• Curriculum vitae and the Letter of motivation and expectation
• Proof of English proficiency
• Information on the course taught in their institutions (please include – a number of lessons per term, a number and the age of the students in the course )

Application

All relevant information and Application Forms for the Summer School 2001 are available from the NISPAcee Secretariat upon request and on the web site http://www.NISPA.SK/events.html

The deadlines:
Applications should be submitted to the NISPAcee Secretariat by the end of February 2001.

Applicants will be informed about the final decision by the end of March 2001.

Contact person
Applications and inquiries are to be addressed to:
Viera Wallnerova
NISPAcee Project Manager
Tel: +421-7-6428 5 558
Fax: +421-7-6428 5 557
E-mail: Viera@nispa.sk
The 9th NISPAcee Annual Conference: „Government, Market and the Civic Sector: The Search for a Productive Partnership”

Riga, Latvia, May 10 - 12, 2001
Organised in co-operation with the Latvian School of Public Administration, Riga, Latvia

The main theme of the conference will address the following questions:
What are the preconditions for the successful development of, and interaction between government, market and the civic sector? What forms of collaboration between these institutions are the most promising? What are the lessons that can be learned from the past decade of transition in achieving an appropriate balance between these institutions and in defining those practices that work most efficiently in developing an effective balance?

The Conference Format

The conference will be structured in several plenary sessions, working groups meetings and specialized meetings, which would run either in parallel or in a consecutive way.

The conference working groups:
1. Working Group on Politico-Administrative Relations
2. Working Group on Better Quality Administration for the Public
3. Working Group on the System of Social Security with Special Emphasis on Problems of Unemployment, Poverty and Gender
4. Working Group on Governing Multi-ethnic Communities
5. Working Group on Public Finance and Accounting

Conference Schedule
Conference Venue: Hotel Riga, Aspazijas bulvaris 22, Riga, Latvia

Wednesday May 9 2001
17.00 - 21.00 Registration of participants
17.00 - 20.00 NISPAcee Steering Committee meeting
20.00 - 21.00 Meeting of the Conference co-ordinators

Thursday May 10 2001
7.30 - 9.00 Registration of participants
9.00 - 11.00 Opening Plenary Session and Latvian Panel
11.30 - 13.00 Plenary presentations on the main conference theme
14.30 - 15.30 Plenary presentations on the main conference theme
15.30 - 16.00 Thematic Introductions to Working Groups by Co-ordinators; Announcements about new projects/working groups - call for participants by projects’ leaders
16.30 - 18.00 Working Session on the main conference theme and Working Groups 1, 2, 3, 4, 5 (running in parallel)
20.00 Reception

Friday May 11 2001
9.00 - 10.30 Working Session on the main theme and Working Groups 1, 2, 3, 4, 5 (running in parallel)
11.00 - 12.30 Working Groups 1, 2, 3, 4, 5 (running in parallel)
14.00 - 15.30 Working Session on the main theme, Working Groups 1, 2, 3, 4, 5 and Meetings of newly initiated projects (running in parallel)
16.00 - 17.00 Meeting on NISPAcee Mission and Strategy
17.00 - 19.00 NISPAcee Business Meeting
20.00 Latvian folk style Dinner

Saturday May 12 2001
9.00 - 10.30 Working Groups 1, 2, 3, 4, 5 (running in parallel)
11.00 - 12.30 Plenary Session: Reports of the co-ordinators of Working Session/Groups
14.00 - 19.30 Excursion to the “Rundales” baroque castle

Support
Selected CEE participants of the working groups could be fully supported by NISPAcee (travel, board and lodging).

The Latvian School of PA will cover board for other CEE participants from the NISPAcee member institutions during the Conference and also the limited number, partially the lodging.

Registration Forms / Hotel Reservation
Forms are available on the Internet or from the NISPAcee Secretariat:

Contact person:
Inquiries are to be addressed to:
Viera Wallnerova, Project Manager
E-mail: viera@nispa.sk
Tel: +421-7-6428 5558
Tel/Fax: +421-7-6428 5357, 6428 5557
http://www.nispa.sk/news/conferences.html
NISPAcee
is an international, non-governmental and non-profit organisation. Its mission is to foster the development of public administration education and training programmes in post-Communist countries.

NISPAcee MEMBERSHIP
Presently, the NISPAcee enlists 105 Institutional members (from 20 countries), 33 Associate members (from 16 countries), and 170 Observers (from 27 countries).

New Institutional members of the NISPAcee
TAMISS (Tajik Action for Mobilizing the Innovative Social Studies), Dushanbe, Tajikistan
Center for Rural Asssitance, Timisoara, Romania

New Associate members of the NISPAcee
Institute of Public Administration, New York, USA
Elon Institute for Politics & Public Affairs, Elon University, Elon, USA

NISPAcee ACTIVITIES ARE SPONSORED MAINLY BY:
- The Local Government and Public Service Reform Initiative Open Society Institute, Budapest, Hungary
- The Austrian Federal Chancellery, in particular the Federal Academy of Public Administration, Vienna, Austria
- SIGMA/OECD, Paris, France (SIGMA-Support for Improvement in Governance and Management in Central and Eastern European Countries is a joint initiative of OECD/CCET and EU/PHARE mainly financed by EU/PHARE)
- The Pew Charitable Trusts, Philadelphia, Pennsylvania, USA
- National Association of Schools of Public Affairs and Administration, Washington D.C., USA.

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The deadline for the next issue is February 28, 2001.

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