

Leadership and Management in the Public Sector:

Values, Standards and Competencies in Central and Eastern Europe

Edited by:
Laszlo Vass
Olena Kulenkova-Orzhel
Christopher Pollitt



NISPAcee

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

Leadership and Management in the Public Sector:
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Selected Papers
from the 15th NISPAcee
Annual Conference
Kyiv 2007

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Introduction

*Christopher Pollitt*¹

It was a great pleasure to be invited to speak at the NISPAcee conference in Kyiv, and it is an equal pleasure to be asked to introduce this collection of papers from that lively and encouraging event.

Introductions can be of various kinds. Some attempt to summarise all the subsequent chapters, and some go further by attempting to provide a single conceptual or theoretical template within which all the contributions can be placed. I will do neither of these – the papers can speak for themselves, and their perspectives and conceptualisations are so various that a project of fixing them all within a single intellectual framework would be doomed to failure. Instead, therefore, I intend to try to capture the spirit of the papers and the conference in another way – thematically. By this I mean that I will try to identify some widespread concerns and pre-occupations that ran through the conference discussions (and through many of its papers) and then explore these in the light of contemporary developments in public administration and public management theories.

The theme I have identified as pervasive at Kyiv is that of building a strong public service. How can this be done? What does a strong public service look like? What skills are needed? How can citizens' trust in public servants be enhanced? What types of training are most useful? What do we mean by leadership, and how can it be encouraged and supported? What kind of ethical code is appropriate for 21st century Eastern Europe, and how should such a code be implemented? These are just some of the questions that flow from the basic concern of securing a strong public service.

My aim here is not to provide definitive answers to these formidable questions, but to say something about how they might be approached – about how we might think about them, and about what help the contemporary theories and findings of academic public administration and management can be in doing this thinking. I will organise this discussion under the following sub-headings:

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- Expectations and time frames
- What kind of public service?
- Politics and management
- Sources of learning and understanding
- Concluding reflections

Expectations and time frames

Many commentators, both popular and professorial, keep telling us that the world is speeding up. There are various explanations for this, including 'globalisation', the instantaneousness of modern electronic communication technologies, improvements in the speed and price of long-distance travel, and so on. It is not surprising that this sense of acceleration has also entered the world of management, and that we can find plenty of management texts holding out the possibility of rapid transformations of organisational structures, cultures, processes and leadership (e.g. Hammer and Champy, 1995; Osborne and Gaebler, 1992). These thinkers raise public and political expectations of 'jam tomorrow' (to use a colloquial English phrase) – that if you do this and that today you will very soon enter a new and much better world.

Whilst there are certainly some examples of things in public administration that have changed very fast (see, e.g. Mark and Nayyar-Stone, 2004), my own reading of the situation (both in Central and Eastern Europe and in 'the west') is that we are (re?)learning, first, that many other things take a long time to change and, second, that some swiftly-implemented reforms also swiftly dwindle and disappear. The transformational promises of politicians and gurus often fail to be realised, and there are good reasons for that. In fact, there are some key elements in public administration and policymaking that take years to put in place (Pollitt, 2008). For example:

- Cultural change, including shifting public expectations of public services and levels of trust in government. The confidence of 1980s generic management gurus that organisational cultures could be intentionally re-designed within a few months has, in the public sector at least, turned out to be largely misplaced (see the bestselling Peters and Waterman, 1982 and its many derivatives). As James Q. Wilson put it: 'Every...organisation acquires a culture; changing that culture is like moving a cemetery: it is always difficult and some believe it is sacrilegious' (Wilson, 1989, p368). Cultures do change, and to some extent this process can be steered, but delivering a new, explicitly designed public service culture within a few months is as good as impossible;
- Generational change, including the imminent disappearance of the baby-boomer generation from Europe's public services. This has huge implications for both accumulated experience and public service ethics. The OECD notes that 'despite a looming crisis due to an aging civil service and the staff reallocation needed

to face the new demands on the public service as a consequence of the aging population, not many countries seem to have addressed this issue in a systematic manner' (OECD, 2005, p183);

- Fundamental organisational re-structuring. Of course in some countries- especially the UK – such re-structuring can be announced and formally put in place very quickly. But getting the new structure to 'settle down' and work as well as it is capable of, is usually a matter of years rather than months. Staffs have to be appointed and require time to learn their new roles. New relationships have to be formed. New standard operating procedures must be formulated, and so on. The kind of constant, hectic restructuring that we witnessed in, say, UK social services departments during the 1990s, or in the NHS since 1989, is almost certain to produce short-term losses of efficiency and day-to-day focus, if not worse (Pollitt, 2007). Recently, in a sophisticated study of organisational change in the US Federal Government, a leading American academic comments that 'leaders do not persist long enough in the change efforts they do launch' (Kelman, 2005, p8). So deep restructuring is one of those things that simply take a long time, even if intelligent leaders can often find some useful 'quick wins' along the way;
- Training professional staff (including doctors, lawyers, teachers, social workers, civil servants). If we want a new kind of doctor we will have to wait for years before we can actually get them – this is not an issue of having the power to make the change (which, of course, may also be a problem) but more of the time it takes to train a medical student up to qualification. This is important because, as (rather surprisingly) the OECD recently put it: 'In all dimensions of management, individuals' motivation, values and attitudes are more important than formal systems' (OECD, 2005, p204). Professional training is therefore both something that comes from the past (in the shape of existing professional socialisation) *and* something which usually takes a long time to change;
- Building new political coalitions that can be relied on to support specific programmes or agencies (see, e.g. Carpenter, 2001). The view of Sabatier, a leading public policy theorist over the past quarter century is that, in the USA at least, the policy process 'usually involves time spans of a decade or more, as that is the minimum duration of most policy cycles, from the emergence of a problem through sufficient experience with implementation to render a reasonably fair evaluation of program impact' (Sabatier, 1999, p3);
- Certain high-technology programmes, projects and systems. Recently Prime Minister Blair's Labour government faced a large backbench rebellion when it forced through a House of Commons vote to replace the Trident nuclear ballistic submarine force, winning only by dint of votes from the Conservative Party. The government argued that it was essential to have the vote in March 2007 because otherwise the 17-year lead time for developing the replacement technologies would leave a gap when the UK would no longer be able to use the relevant American missile technology, because it would have been phased out. Such enor-

mously expensive programmes are unavoidably based on estimates of military needs projected 10 – 20 years into a highly uncertain future. Meanwhile, in the civilian sector, a number of governments entered into billion dollar contracts for giant IT systems to underpin such basic systems as taxation, social security or healthcare. ‘By the 1990s the average life of an IT contract in Britain and Europe was five to seven years; in the USA it was longer, often ten years’ (Dunleavy et al, 2006, p55). In a number of well-publicised cases, these procurement processes went horribly wrong, but governments found it extremely difficult to extricate themselves from such long term commitments (Craig, 2006, chapters 9 – 11);

- The elimination of corruption from state systems where corruption has been widespread. We have had international measures of corruption for more than two decades, but very few countries have substantially changed their positions/ranks during that time, despite many anti-corruption campaigns (Uslaner, 2008). The few jurisdictions that do appear to have made substantial strides (Singapore, Hong Kong, Botswana) also seem to have enjoyed special circumstances with respect to political leadership, external pressures and prospects for economic growth and re-distribution.
- Complex international negotiations on security, trade, standards and other issues – negotiations of a kind that have become increasingly common in our increasingly globalised world. Currently, we have the tortuous and extended sequence of ‘Doha Round’ negotiations concerning world trade – a process with high implications for the future development of the world economy. Roy Denman was an important official player in an earlier bout – the ‘Tokyo Round’ in the 1970s. Reflecting on the eventual (and relatively successful) conclusion of that process he wrote:

‘What was the deal? Was it worth the six years it had taken to piece it together? It had taken six years, not only because the number of participants was just short of a hundred and the subjects covered much wider than in any previous negotiation, but because getting the necessary authority on both sides of the Atlantic took time. And when this was obtained, the outcome of the US Presidential election of 1976 had to be awaited. Thus it was not until the spring of 1977, when the new Administration had shaken down, that the negotiations could get fully underway.

The final results were worth the long haul. Industrial tariffs were cut by about a third’ (Denman, 2002, p203)

In short, we should not listen to those siren voices that proclaim that we can transform our public services – still less our international role – in a matter of weeks or months, if only we have this law or that ICT system or we follow these five or six key steps. Nor should we encourage or support politicians who themselves make promises of sudden transformation. If these boasts continue to shape the expect-

tations of the public (and/or politicians) then the outcome is likely to be disillusionment, cynicism and ‘exit’ to private sector solutions. Unrealistic and over-rapid reform has already created a legacy of new problems in the transition states of Eastern Europe (see, e.g. Pollitt, 2004). The academic world and professional managers both have a duty to ‘speak truth to power’, and part of that truth is that, while some improvements can be quickly accomplished, other things simply take time – that the effort has to be applied continuously over a period of years, and then the fruits will gradually ripen. We therefore need structures and processes for reform which themselves enjoy a measure of stability, and we need to explain all this to citizens and to our political leadership – probably not once but many times.

What kind of public service?

Here is a question where ‘blue skies’/‘visionary’ thinking can be particularly misleading – and even dangerous. To begin with, a visionary list of all the qualities desired in a perfect public service, and then to plan to get there within a planning period of even a few years is almost an absurdity. The international evidence is that public service systems have strong elements of path dependency: that is, they usually change relatively slowly and, even when fiercely reformed, retain important traces of their distinctive pasts (Pollitt and Bouckaert, 2004). There is, for example, a significant difference between the logic of a position-based public service and that of a career-based service. Similarly, there are big differences between a heavily patronage-based system (like the Washington ‘spoils system’) and the traditional Westminster model of a career-based, non-partisan elite (see, e.g. Peters, 1996). As the OECD says ‘there can be no ideal type of public employment because different societies face very different risks and problems’ (OECD, 2005, p161). Thus it is vital to understand where a public service comes from, as well as where one might like it to go. The need is for a frank, clinical analysis of current problems, not just an exercise in emotive and ideological stereotyping (“bureaucracy is bad/markets are good”).

In any case, it is simply impracticable to think that any government, however powerful, could simply sweep away the entire existing public service and replace it with a new one (as, in different ways, both Lenin in 1917 and President Bush in Iraq in 2003 – 5 painfully discovered). One has to begin reform from where the public service is now, not from a textbook of human resource management.

This is not a counsel of despair, or even of conservatism. Indeed, tackling the ‘nitty gritty’ of real current problems is far more likely to ‘unleash’ the endogenous forces of reform *inside* the public service than high-level preaching about ‘good governance’ or ‘e-empowerment’ (Kelman, 2005, provides a strong theoretical underpinning for this observation). A vision of the future that *emerges* from concrete attempts at reform, engaging internal groups as well as external experts, is likely

to prove more robust than one that is parachuted onto the public service from an international body or transient-if-charismatic political leader. What is more, such an internally-driven reform, focusing on practicalities, stands a better chance of convincing a sceptical public that something is actually happening. In every country, but perhaps especially in those of Eastern Europe, visible improvements on the front line are the most powerful argument for the possibility of reform, and the factor most likely to begin to grow trust between citizens and officials.

Politics and management

The model of the New Public Management that positioned political leaders as strategists, setting broad, prioritised goals and then monitoring their achievement in a hands-off manner has seldom been realised in practice. In neither Eastern nor Western Europe are there many political leaders who are simultaneously a) genuinely interested in management issues, b) personally competent in strategic management, c) willing to formulate, state and hold to clear, prioritised goals for organisational reform and d) prepared to stand back and leave the detail to professional managers (Pollitt and Bouckaert, 2004, chapter 6). On the contrary, most politicians are not trained in management. They are oriented to short term agendas, to elections, crises and other salient current events. Increasingly, they follow the lead of the mass media, which, on the whole, is profoundly uninterested in organisational issues or administrative details. Therefore it is seldom realistic to vest custodianship of long-term management reform and improvement exclusively in the hands of the political leadership. [This may be doubly true in those eastern European states where governments have the habit of changing very frequently.]

On the other hand, there are several reasons why management reform cannot or should not go forward without political engagement. To begin with, there is the strong normative argument that, in a democratic state, substantial changes to the state apparatus should not be made without the understanding and approval of ministers who are themselves elected representatives. Second, there is the more pragmatic argument that such changes are usually to some degree contested (at least in terms of bureau-politics) and therefore their successful implementation requires a certain quantum of political support. [For example, paradoxically, it requires political support to set up a genuinely independent and non-party-political public service commission.] Third, there is the educational point that politicians themselves can learn useful lessons from management reforms. A number of political autobiographies attest to the fact that politically experienced ministers can still be surprised and even intrigued by the sheer complexity of organisational and legal issues surrounding what at first may sound like quite simple reforms (e.g. Crossman, 1975; Heseltine, 1987).

The above general points apply to a wide range of political systems. Beyond that, however, one has to take account of the fact that relations between ministers and public servants vary considerably from one type of political system to another (Pollitt and Bouckaert, 2004, chapter 3). Hood (2002) writes persuasively of a range of ‘bargains’ – different packages of understandings between top public servants and politicians which determine how non-partisan, how secure, how trusted and how well or poorly remunerated public servants may be. Notions of leadership among senior public servants will also have to adapt to these different bargains. For example, the kind of entrepreneurial leadership envisaged by Osborne and Gaebler (1992) might work within some bargains but would be regarded as presumptuous and inappropriate in others (especially the purer versions of what Hood describes as ‘trustee’ bargains – a trustee is not an entrepreneur!). So here again, the argument would be that realistic reformers have to begin with the *status quo* in their particular jurisdiction. If they aim for a reform that will fundamentally alter the existing ‘bargain’ then they will need much more political and public servant support to succeed than if they aim for a reform that improves arrangements *within* the existing deal. Either way, political engagement will be required, but also something more long-lasting – some way of embedding the momentum of reform, by institutionalizing the process and somehow embedding implementation in the interests of significant groups of public servants themselves.

Sources of learning and understanding

From where can we gain the knowledge and understanding that will permit us to begin to build a strong public service? The argument thus far has been that we must beware of relying too heavily either on charismatic politicians or on universal recipes prepared by international bodies or by the globally-ambitious Anglo-American management consultancies. Expert knowledge from outside can be of great assistance, but only when balanced and combined with local, ‘insider’ knowledge and motivation. Adopting a management reform is not a straightforward transaction like buying a car. It is a complex process with cultural and political dimensions as well as purely technical ones. It usually involves several parties and results in relationships that last over considerable periods of time (Pollitt, 2003).

What part can we academics play in all this? Taking into account the variety of practitioners’ needs and motives, one may distinguish a number of different ways in which academics are commonly able to offer something of value to practitioners (for a fuller discussion, see Pollitt, 2006):

1. *Agenda setting and re-framing*: academics may be asked to identify future (‘coming’) issues or to reflect in challenging and innovative ways on existing problems (re-framing).

2. *Expert moderation of inter-party or inter-institutional discussion*: academics can act as the neutral but expert steering persons when there is a need to restrain factionalism or inter-institutional rivalry in policy discussions. This role is probably more common in multi-party systems than one-party governments.
3. *Conceptual clarification*: e.g. what is meant by 'public accountability'? How do you define 'quality'? These are issues where the academic is probably familiar with a wide range of literature in which such issues are discussed, which will not be known – or not in such detail – to the average manager. Academics are trained to be aware of definitional issues and their consequences, and can frequently help managers to sharpen their formulations. In particular academics can usefully insist that the problem(s) to be solved are defined as clearly as possible. This can help managers to work hard on problem identification and diagnosis *before* they reach for a solution. It is the opposite of bad consultancy, which has sometimes been characterised as 'solutions in search of problems'.
4. *Questioning false assumptions*: this is a kind of therapy function. Academics are trained to ferret out underlying assumptions and drag them into the light of open debate. They can do this for politicians and managers just as they can for students. This can prove surprisingly useful. For example, there is the assumption that bonus pay will incentivise public servants to work harder. In some circumstances this may work, but research shows that in many it does not. The assumptions about the beneficial effects of bonus (or 'merit') pay also tend to overlook the motivational impacts such systems have on those staff who do *not* receive a bonus.
5. *Guidance on how to structure decisions*: some academics are experts in decision analysis, and can advise managers on how to structure decision-making processes so as to more accurately and reliably reflect the underlying probabilities and values involved in a particular decision or series of decisions. Typically this might involve modelling the decision, making value judgments more explicit, seeking the best possible information on the probabilities of alternative outcomes, and advising on how, technically, to weight probabilities with values/utilities and to discount for effects which take place at different times in the future. Decision analysis has made considerable contributions to particular parts of the public sector in some countries (e.g. health care, environmental safety issues).
6. *Advising on how best to collect data*: academics usually have a strong training in social science methods. When a manager needs to know something, and that something requires research in order to find it out, s/he will frequently benefit from discussing with academics the selection of methods for data collection. It may be an issue of statistical sampling, or one of how to minimise bias in interviews, or what statistical tests to carry out on an existing body of data, or what combination of methods to use when trying to establish what citizens want and expect from a particular service.

7. *Substantive advice based on middle-range, contextually-grounded generalisations:* e.g. that measuring the performance of professionally-delivered human services tends to be more complex and subtle than measuring the performance of standardised administrative routines such as issuing licenses or checking applications for a social security benefit. Therefore it would be wise to use performance indicators in a more diagnostic, more cautious, less mechanical way in health care and education than in more standardised 'production' services. Or (to take another example) that contracting out has worked well for certain types of service in countries X,Y and Z, but has proved much more controversial and difficult for certain other kinds of service. Crucial to the quality of this advice, however, is a careful discussion of the degree to which the different settings really *are* comparable – a discussion in which the manager receiving the advice would be well-advised to take an active part. For example, telling the manager of a hospital in Tartu how TQM was successfully installed in a Toyota plant in Japan may be of limited use (there are too many glaring – and subtle – differences in context). But telling the Tartu manager how TQM was successfully implemented in a hospital in Tallinn may be more useful/transferable.
8. *Technical tips based on previous experience in other, similar contexts:* e.g. when measuring the time taken to deliver money benefits to claimants set the target in terms of the average time taken to complete all payments rather than the % of payments made within a certain time period. The former system (averaging) will oblige staff to pay attention to *all* claims, whereas the latter (completing 90 or 95% of payments within x days) may tempt staff to neglect the small percentage of really complex and difficult claims. Again, this is substantive, expert knowledge which comes from prolonged and focused exposure to empirical study. And, again, care is needed that lessons are being transferred across broadly comparable contexts.

It is worth noting that, of these eight kinds of advice, only two – the last two – are usually to do with directly solving problems by the application of new knowledge. Furthermore, even these two are extensively context-dependent. So these are not 'eight steps to success', applicable in all tasks and times and places. Different kinds of academic advice will be more or less acceptable in different political and cultural settings. Building a strong public service may well involve providing most or all of the above eight types of advice, though it will probably be different academics with different training who perform the different advisory roles.

Concluding reflections

In the 'pioneer' NPM countries such as the UK and New Zealand we have now had more than twenty years of intensive public management reform. In Eastern Europe we have had more than a decade and a half. This is enough time for us to begin to

learn some lessons from our own efforts. In this introduction, I have attempted to sketch some of these lessons, at least as I see them. The first, and most obvious one, is the now widely-understood point that there is no one best way, no single model of a strong public service that we can all set about realising within our own countries. Beware of the international consultant who arrives with a five point plan that he explains has worked in several other countries – this is unlikely to be a solution to *your* particular problems and, indeed, may not be a solution to anybody's problems! The art of the good management scholar – and also of the effective adviser – is to operate in the middle ground where general learning from others is actively sought, but the specifics of the local context are also given their due weight. The two extremes – at one pole just announcing generic management principles for universal application and at the other insisting that my little organisation is absolutely unique – are equally untenable.

The second lesson has to do with expectations: it is that, although some issues can be changed quickly, many other issues take much longer – years rather than months. Managing expectations is a part of any reform, and raising expectations unrealistically high at the launch is a recipe for disillusionment and loss of trust later on. An important codicil of this second lesson is that for this type of reform we have to find ways of institutionally embedding the process of implementation.

The third is perhaps a little less obvious. It is that politicians are essential participants but also sometimes the worst enemies of effective reform. Reforms go faster and more coherently when there is some kind of mutual understanding between political leaders and the public servants leading the reform effort as to the respective roles of the two parties. Getting and keeping such a *concordat* is almost as important as selecting the most appropriate reform.

Finally, it should be clear from the above that major reforms almost always involve genuine and difficult choices: choices about which values and priorities to emphasise, whether to go faster or more cautiously, how to embed the reform's momentum, which groups to seek support from and when to admit defeat and begin to try another direction. In a complex, rapidly-changing modern society the re-shaping of the public service is bound itself to be a complex and to some degree, contentious experiment. Academics have important roles they can play in this process, but they, too, must choose: when should they engage, advise and support, and when should they stand back and criticise?

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Towards Better Leadership: Have the Initiatives taken in the Estonian Civil Service been Justified?

Mariann Veisson, Eve Limbach¹

Abstract

Acting as an EU member state and implementing new developments in the administrative system have set great expectations and demands on the management of the Estonian public service. In 2004, the Estonian Senior Civil Servants Competency Framework was created to be used in leadership development and succession planning of top managers. The main aim of this paper is to analyse, based on empirical data and the comments from this paper's authors as the central coordinators of the system, the opportunities and challenges of building up a centrally managed senior civil servants' assessment and development system, relying on the competency framework and the state's strategic objectives. The process and results of the two annually held top managers' competency assessment periods will be evaluated, together with a number of training and development activities designed based on these results.

Introduction

By the summer of 2004, Estonia had achieved its two long-term strategic objectives – to join the EU and NATO. IMD in its World Competitiveness Yearbook (IMD, 2006) and World Economic Forum in its Global Competitiveness Index Report (WEF, 2006) have recognised that Estonia, with its history of nearly 45 years under foreign occupation, has gone through remarkable reforms and become the highest ranking EU new member state in terms of competitiveness. While the reports recognise Estonia for its economic success, the question about ongoing competitiveness and sustainable development are the most topical issues at the level of current state strategic planning. This also raises a question about competitive-

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ness at the top level of non-political administration and encourages looking for the best ways to provide top officials the required “tools” and “knowledge to use these tools” to implement the strategic goals in the most effective way. More responsibility and freedom in management to individual organisations, together with the aim of attracting and motivating competent top civil servants, became one of the central principles in transforming the government draft Public Service Development Framework (2004).

While the Estonian public service system includes 28,144 public servants (as of 31.12.2005), of those, 19,292 in central government civil service, 4,500 in local government and 4,352 as professional military staff (ATA, 2006), its development is coordinated by four different ministries. This creates a rather difficult setting for a well-managed system, including the top civil servants’ development. It can be said that there has been no systematic approach to top management development in the public service until 2004, when a senior civil servants competency-based assessment and development system was created. Now, after nearly 3 years of implementing the new system, it is a good time to analyse and reflect upon the successes and obstacles that have happened so far. The main aim of this paper is to analyse, based on empirical data and the comments from this paper’s authors as the central coordinators of the system, the opportunities and challenges of building up a centrally managed senior civil servants’ (also used as ‘top managers’ and ‘top executives’) assessment and development system, relying on the *Senior Civil Service Competency Framework* and the state’s strategic objectives.

Competency framework

The Senior Civil Servants Competency Framework was developed from August 2004 to May 2005. The target group of senior civil servants includes 100 top executives: Secretaries-General of the Ministries; Deputy Secretaries-General of the Ministries; Director-Generals of Boards and Inspectorates and County Governors. Implementation of the Framework is aimed at the recruitment, selection and development of senior civil servants, aligned with the achievement of the state’s strategic objectives. With this initiative, a common ground to describe the strategic requirements for senior civil servants, together with a central co-ordination system of their assessment and development, is founded. It is seen as a way of helping to evaluate top managers’ development needs and thereby support their self-development. Also, the framework is proposed to be a tool for enhancing the competency-based selection of top executives.

While methods of creating the competency framework vary across countries, e.g. using the critical incident analysis, reviewing the values, goals and strategies of organisations or conducting interviews and surveys, the overall value of achieving the target group’s participation in the process of identifying and defining the

competencies is widely recognised (Järvalt & Veisson, 2005). Hence, in order to achieve credibility of the framework and its implementation to meet everyday realistic needs, altogether 15 members as representatives of different executive groups, were involved in the process of creating the Competency Framework.

Five main competencies are identified characterising the behavioural expectations to the very top civil servants: *Credibility, Having a vision, Innovation, Leadership and Outcome orientation* (for a detailed description, see Table 1). While the list of main competencies has a lot in common with other models of this kind, the further activity indicators described on the 5-point scale of extraordinary, good and poor are in line with the expectations of this particular target group. The results of the pilot study indicate relatively good reliability and validity of the model (Järvalt & Veisson, 2005).

Comparing the Estonian senior civil servants' competency model with the classification of Noordegraaf (2000), the emphasis is placed more on the concrete behaviour and outcomes of the behaviour, e.g. "ensures effective, efficient and environment-friendly resource management" (Järvalt & Veisson, 2005). Also, in comparison with other frameworks of similar kinds, 'Innovation' competency, including both – organisation and self-development – has been highlighted as a separate competence. This can be explained by the current developments in Estonia, where working on innovative outcomes is greatly encouraged. The structure of the competency model also supports the findings of Virtanen (2000) by having special emphasis on ethical competencies – "respects public service ethics; embodies the ethical values of public service and shapes its good reputation and respects the principles of the state based on the rule of law"; "guarantees the basic rights and freedoms of the people in his area of responsibility". In the Estonian case, a broader competency – credibility – is emphasised, that under the description "serves the nation" embodies the behaviour of acting in the public interest and according to the government's priorities (Järvalt & Veisson, 2005).

Competency assessment

The competency assessment process is managed and supported centrally by the Department of Public Service at the Estonian State Chancellery. Evaluation and assessment of the competencies is conducted annually, at the time of regular performance assessment. Besides self-evaluation, each top manager receives feedback from his or her immediate superior and five colleagues (mostly subordinates). The outcomes of the assessment should be discussed between the executive and his/her superior; however, this is not always the case. In order to support the implementation of the system, additional individual guidance in evaluating assessment results and discussing further development plans is provided by the State Chancellery.

A special web-based electronic environment called an e-Competence Centre was created in order to provide flexible and comfortable access to management of the new assessment and development system. It allows both – to assess the competencies and systemise and track the competency profiles. Also, the first steps have been taken to make it an active environment for top managers, where they have access to new information about upcoming development activities and a possibility to create their personal development plan.

The competency-based assessment and development is guided by several principles (Estonian Public Service, 2005). The principle of goal-oriented implementation underlines that both selection and development of the senior civil service are aimed at reaching the strategic objectives of the state. The principle of uniformity emphasises the role that the framework is playing in creating a common basis for the assessment of the top civil servants as a whole and thereby specifying their development needs. The motivation to develop one's competencies is achieved through regular feedback, based on the competency profile and development objectives. The voluntary-based approach indicates that participation in the competency assessment and development process for the top managers is conducted on a voluntary basis.

The empirical data of the research is based on two annually held top managers' competency assessment periods – 2005 and 2006. In the autumn of 2005, the new competency assessment and development framework was introduced to the whole target group – Secretaries-General; Deputy Secretaries-General; Director-Generals of Boards and Inspectorates and County Governors. During the time period of December 2005 – May 2006 the first assessment was carried out. Already 66% of the whole target group participated in the first round of the competency assessment. Considering all the different sides in the assessment process, altogether 470 participants (top managers, their superiors and subordinates) were called to take part in the process, of whom 65 % carried the assessment through. Extensive assessment training was provided to all top managers, their colleagues and subordinates. The subordinates group turned out to be the most active in the assessment with 73% participation. Around 60% of the target group carried out the self-evaluation and 30% of them also received direct feedback from their superiors. The latter were the lowest due to the fact that the political leaders (ministers) were not actively involved in the assessment. By the end of 2006, more top managers joined the competency-based assessment and development system. Still, the analysis of the second assessment year is based on the assessment of 46 top managers from 8 ministries as the ones whose assessment results had arrived before writing the current paper.

The results of the assessments refer to the consistency in the levels of top managers' competencies over the last two years. Also, they show that the perceived levels of the senior civil service competencies are relatively high. 'Credibility' competency as the one most difficult to assess, appears as the strongest among the current lead-

ers, while the assessment results of ‘Having a vision’ competency meaning both – creating one and communicating it to colleagues indicate the increasing need for development activities (for more detailed information see Figures 1 and 2).

Competency framework as an assessment tool

First, it can be said that the competency-assessment that began as a pilot project three years ago has, within a few years, become a handy tool for the annual assessment for a number of ministries. Both direct assessment feedback from organisations and lessons learned from managing the whole system give valuable material for analysing the first results of the competency-based assessment approach.

Although psychometric indicators refer to the reliability and validity of the model, the question about the value of the framework as an annual assessment tool remains. The results of the two competency assessment periods show that there are not too many significant differences in the competency assessment between the 2 years. Also, it is very difficult to evaluate the real progress in only a one-year period of time. One can say that the “leadership” competency appears immediately and assessing it once per year is appropriate. At the same time, it is rather difficult to assess “achieving the outcomes” competency in the same time-framework as the real outcomes may appear only in few years. This raises the question about the optimum frequency of assessment. Carrying it out on an annual basis surely has the value of integrating the system with the annual review and creating the habit of regular development planning. The great value of it is also the encouraged possibility to take time for (self-) reflection and analyse oneself or one’s colleague through a reliable framework. At the same time, perceiving the one-year period as too short to see any real progress in behaviour can turn the assessment into a formal procedure that might have a negative effect on the approach as a whole.

Another learning experience comes from implementing the assessment scale of the framework. Although the numerical scale gives an orientation to which direction and how fast the top manager is developing, the great value of the assessment lies in comments and examples. It can be said that the focus from numbers to comments makes the feedback more “touchable”.

The issue about the reliability of the assessment arises when appointing the subordinates who participate in the assessment. Although all subordinates appointed are well aware of the assessment system, during the process it still appears that they do not feel sufficiently competent or do not have sufficiently close working relations to evaluate their superior’s competencies based on the framework. At the same time, there has also been positive feedback from subordinates stating that assessing their boss within a given framework also makes them realise how little they think about the important competencies in a given way. Also, there have been

comments by subordinates saying that they find the framework to be a good tool to evaluate one's own behaviour as well.

One of the most crucial issues refers to the motivation of both the immediate superiors and subordinates participating in the assessment process. Comments as "I already said everything I think about his competencies last year, a man of his age doesn't change anymore!" (referring to a top manager in his early forties) suggests that often the subordinates take their bosses for granted and see little possibility of their developing further. This can also be seen as a possible training need for subordinates to raise their competences in giving constructive feedback to their top managers. On the other hand, while the assessment process stirred some excitement for the subordinates the first year, the second year showed that the interest in this process began to decline. Still, based on the feedback and results of the assessment periods, it can be said that the subordinates' motivation to participate in this process is mostly connected to the attitude of a top manager of a particular organisation. An active and constructive approach by the top manager promises more constructive feedback from his or her colleagues. This raises the crucial point about how to actively engage the managers whose need for the constructive feedback could be the highest. This requires considerable management involvement and real ownership amongst the whole target group. By the end of 2007, 75 – 80% of top managers will be expected to join the competency assessment.

Leadership development activities

On the basis of the assessment results, the competency profiles of senior civil servants are identified and necessary development programs are taken into focus. How to help to fill the gaps in competencies while looking ahead at the state's strategic level appears to be the next strategic question at the level of system development and coordination.

Considering the specific nature and diversity of the needs of the target group, we formulated the principles which serve as a basis for planning the development activities. They are as follows. Sense of purpose: development activities must be based upon the competence model to support the achievement of state strategic objectives and, at the same time also, the achievement of individual development objectives of each senior manager. Professionalism: development activities must be future-oriented, practical, systematic and 'out-of-the-box'; Partnership: given the specific nature of the target group, it is necessary that they participate in the process of planning the development activities and perceive their role and commitment throughout this. The approach should be both individual and flexible.

The initially planned development logic comprises very different activities (see Figure 3) that can be wrapped up as follows: *multi-staged development programs* with the main objective to develop specific competency related to the state's

strategic objectives; *master classes* with the main objective to enhance co-operation between different ministries and through fruitful discussions seek answers to common problems; *individual development activities* (e.g. coaching, mentoring) to provide the senior manager with support for solving specific problems or carrying out changes in the organisation. Here, two multi-staged development programs as the biggest development initiatives for top managers during the years 2006 – 2007 are analysed, bringing out the key learning points from leading these programs.

Development program for Secretaries-General

When planning the multi-staged development activities in the autumn of 2005, a choice had to be made on which part of the target group to focus on first because it was clear that we were not able to cover the senior managers of all position groups in the first year. The choice was made in favour of secretaries-general of ministries. Several recognised researchers, experts and social figures were invited to develop a program that would best meet the current needs of the target group. The objectives of the program rose from two main sources: firstly, the results of the pilot assessment of competences was taken into account with three main competences focused upon: having a vision; innovation and developing the network of cooperation; secondly, to link the development activities with the state objectives, state development strategy “Sustainable Estonia 2011” was selected as an essential basis for developing the program. Other countries, especially the Finnish experience in similar programs was also taken into account. The program was named “Global Development Trends and Future Estonia”.

As participation in the development activities is voluntary for senior managers, the first task was to solve the matter of how to ensure, by the composition of the program, the maximum and active participation of the secretaries-general. The specific features of senior managers as a target group of a development activity, also brought out in the survey report of Best practices for tomorrow's Global Leaders (2005), had also to be taken into account at this time. Status: they are very sensitive to their status and perceive their needs in even very egalitarian organisations as different from those of managers of other levels. Terminology: terms “learning” or “training” are certainly not appropriate for this target group, they rather cause opposition, because the need for training is related to managers of lower levels. Therefore, an alternative must be found and the term “development” has proved to be appropriate. Isolation: unlike the managers at lower levels, who are numerous in the organisation and who have the possibility to communicate with each other, both in a formal and informal manner, the senior manager is alone and formal meetings do not suffice for the exchange of experience and learning through this. Current preparation: the senior managers of Estonian public service are very young and have a very different experience. At the same time, rapid changes in society, accession to the EU and joining NATO have had an impact on their fast learning ability and range of knowledge and skills that also creates high expectations for the trainers

of the development program. When evaluating the possible resources of knowledge, it can be said that in many cases, it is not sufficient to use Estonian trainers for developing senior managers. This statement is underpinned by many reasons: The scale effect arising from the small size of Estonia leads to the fact that very good domestic trainers are well-known, the vast majority have had previous co-operation experience with senior managers that at some point could limit the new knowledge they can create for the target group. Also, the domestic trainer might be strong in theory, but lacks the necessary practical and thorough international experience to become an equal partner for the senior manager. Considering the size of the population, it is also expected that the range of experts in specific fields is very limited. Thus, it is inevitable to look across the borders and learn from the experience of other countries.

The “Global Development Trends and Future Estonia” program comprised four modules, with each module consisting of two parts: the first part was a preliminary seminar conducted in Estonia that provided a theoretical background for the issue handled in a particular module. The second part was a study trip to a country with the greatest experience and learning points for a particular topic. During the study trip, participants met with the representatives of corresponding ministries and organisations and were involved in full discussions. This approach avoided the classical teacher-student roles, while providing the “leader to leader” experience sharing. At the end of the program, the participants had to prepare a report, setting out proposals for the necessary changes within their ministry and in a horizontal level between ministries.

What are the lessons learned from this program? The major benefit from the program is apparently the development of co)operation. Top managers highly appreciated the opportunity to meet with their colleagues outside the everyday environment, and to exchange their experience and ideas arising from the experience of their colleagues and experts from other countries. As one of the major problems in Estonian public service is the weakness of co-operation and focusing on the interests of one’s own ministry instead of the state as a whole, discussing the issues in a semi-formal atmosphere supported the common understanding of strategic issues and requirements of the state while promoting a cohesive group of top officials. Participation and involvement still proved to be a problem. Voluntary participation in the program did not lead to motivated participation to the expected extent and gave the participants a possibility to treat, in many ways, the program as a leisure activity. This was expressed in the low participation percentage in the first modules, as well as in the attitude and level of initiative. Based on that experience, the possible options for solving this problem in the future might be involving the political leaders. Creating interest among ministers in the results of this program would also activate the secretaries-general and oblige the participants to report on the results to their manager that would lead to a more serious attitude. Also, mixing the group of participants with senior managers, both from the private sector and at the politi-

cal level, would most probably motivate the secretaries-general to make a greater effort.

Based on the feedback, it can be said that the participation in the program also influenced some of the participants to continue in their current position despite a different decision made earlier. Considering the lonely feeling at the level of a senior manager and the mostly negative feedback and unfriendly attention from the press, exchange of experience and communication with colleagues during the development program gave a shoulder-to-shoulder feeling and for many, restored their faith.

In summary, the “Global Development Trends and Future Estonia” program can be evaluated as having achieved its main objectives. The evaluation given by the participants during the feedback process was positive; some of the proposals made and ideas put forward in discussions have already been implemented and the lessons learned and proposals by the experts who conducted the program will be used for planning subsequent development activities. Still, the real value of the program will appear in years to come.

Development programs for Deputy Secretaries-General and Director-Generals

The evaluation of the year 2006 revealed that besides joint development activities, there is a need for an individual approach in meeting the specific needs of the executives. In order to keep the balance between the group and individual approach, two new year-long multi-staged development programs were created. The first one, called the *Integro* program, is focused on new senior managers who have been working in their current position less than two years, while the other, the *Tempora* program, is intended for experienced senior managers who have been working in their current position for more than five years. Both programs have a similar structure, comprising the joint and compulsory elements (e.g. workshops, where the participants can discuss different management problems and exchange experiences with their colleagues; also trainings, master classes, multi-staged activities) as well as individual development activities (e.g. mentoring, consulting). Each senior manager interested in joining one of the above mentioned programs was invited for a few hours’ conversation that relied on the results of evaluation of competences and focused on personal development needs, based on his or her difficult areas and the following year’s challenges. A learning path was planned for each senior manager, wrapped up by the senior manager in the form of an individual development plan. A conversation with a secretary general was conducted in two ministries, concerning the development needs of the deputy secretaries-general and director-generals of his area and the objectives of the organisation. Such conversations with secretaries-general proved to be very fruitful for both sides and are planned to be held regularly in the future.

In order for strategic management to be efficient, professionalism in every policy area, policy analysis and planning have to be improved (Randma-Liiv, 2004). Hereby, the joint part of both programs, *The Policy Innovation Program*, will be in focus. The Policy Innovation Program is a one-year development program intended for two parties who are one of the main actors in developing and implementing the policies – deputy secretaries-general of ministries and director-generals of agencies. The problems of the policy development area in Estonia lie in excessive focus on legislation, lack of co-operation between different ministries and insufficient (or almost non-existent) evaluation of impacts. Upon planning the program, we set as an objective the maximum involvement of the parties and, through this, the development of co-operation, clearer distinction of the roles, the increase of reliance on knowledge and also on international know-how in the development of Estonian policies. For the first time in this field of activity, an international partner was selected to lead the whole project. During the two-month preparatory stage, members of the target group were actively involved in the development of the program – individual interviews and meetings with them were conducted to meet their real needs. To link the results of the program with the strategic objectives of the state, the Strategy Bureau under the State Chancellery was also involved in developing the program. According to the main strategic directions, the participants were divided into project groups, the output of which is the implementation of one specific Policy Innovation Event at the end of the year. During the interim work period, the project groups are supported by both the trainers of the program as well as by the Strategy Bureau.

Interest in the program has been very high with about 3/4 of deputy secretaries-general and directors-general registered for the program. To date, the first part of the program has been implemented, on the basis of which the forthcoming challenges may be analysed. As with the example of the previous development programs, it can be seen that political leaders are not enough aware of the value of this kind of development activity, that can become an obstacle for their subordinates' participation as other activities from the political agenda can appear as priorities. Also, proposing development activities only as 'development activities' does not ensure the responsible attitude of the participants nor their maximum contribution, therefore it is obviously necessary to find new ways for linking development activities to direct work assignments.

Involving foreign experts brings new critical issues to consider. First, although the level of English of senior managers is high enough to enable them to take part in activities in a foreign language, the language issue can still become an obstacle in obtaining full participation. Also, although acting as an EU member state breaks down many boundaries in understanding the different cultural contexts in the EU, some cultural differences (e.g. participation activeness) still remain, that might be unexpected for the foreign experts and not taken into account in designing the program.

Conclusions

Based on nearly three years of experience, it can be said that the description of the state's expectations as a competence model for senior managers and the implementation of the framework for their assessment and development have created added value, notably to the senior managers and through them, to the state of Estonia. A favourable aspect for the competency-based development has been the fact that there is the need for a new approach in the civil service and officials in different institutions tend to be open to this kind of development initiative. Since more comprehensive reforms have been postponed, there have not been any other serious alternatives to systematic development of top executives. Results of the survey, as well as the pilot study, confirm that this kind of development is valued in terms of its goals, contents and practical importance.

The first 'key' in ensuring future success is to communicate the need for and importance of this kind of a systematic development of top civil servants to political leaders and the general public as well as to the media. The creation of a positive image of a competent senior manager in public service would also work as a basis for attracting new competent leaders to the public sector. This could be achieved by involving private sector senior managers, as well as politicians, and establishing the importance of these activities at the legislative level by adding this field in the future Public Service Act.

Another important 'key' is international co-operation between experts, developers, and co-operation between senior managers, not only within Europe, but also globally. The third important aspect is to link the development of top managers as persons with the development of management quality as a system in the public sector. The currently used management models, evaluation and development ways and quality management systems may be compared to an orchestra with many musicians and instruments, but without a conductor, which would help to create a harmonious result from everyone's contributions.

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Appendixes

Table 1

Competency framework of the Estonian Senior Civil Servants

1. Credibility

- 1.1 Serves the nation. Strives to act in the public interest, in accordance with the development needs of the state and priorities of the government.
- 1.2 Respects public service ethics. Embodies the ethical values of public service and shapes its good reputation.
- 1.3 Respects the rule of law. Respects the rule of law, ensures people's fundamental rights and freedom in his area of responsibility.

2. Having a vision

- 2.1 Creates a vision. Creates a vision for his area of responsibility, keeps it viable and influences the development of the state.
- 2.2 Explains strategic choices. Makes suggestions for strategic choices, keeps them viable and explains them to his employees and to the public.
- 2.3 Sets objectives. Analyses processes, ensures the quality of strategy formation and provides employees and the public with reasoned explanations of the objectives.

3. Innovation

- 3.1 Develops his/her skills. Sets high personal goals, develops his skills in the area of responsibility and in other areas.
- 3.2 Develops the organisation and implements innovations. Implements new-solutions to better serve the citizens and develop his/her area of responsibility and organisation.

4. Leadership

- 4.1 Builds and encourages the team. Inspires the team with faith in achievement of objectives, motivates and gives feedback, encourages the key personnel outside his/her area of responsibility, when necessary.
- 4.2 Develops a network of co-operation. Communicates with interest groups and area experts and obtains their support when putting decisions into practice.

5. Outcome orientation

- 5.1 Makes decisions and takes responsibility. Makes decisions based on strategy, distinguishes between facts and assumptions, considers connections with

other areas of responsibility and takes responsibility for putting decisions into practice.

5.2 Achieves results. Ensures that the organisation and the public are satisfied with the achievement of the objectives.

5.3 Uses public property reasonably. Ensures expedient, economical and environment-friendly use of resources and advocates dissemination of good practice in the state.

5.4 Follows and develops the law. Follows the law, makes suggestions for changes when required. Ensures participation in international legislative drafting in the interests of Estonia and European Union.

Figure 1

Results of the Senior Civil Servants' competency assessment, 2005

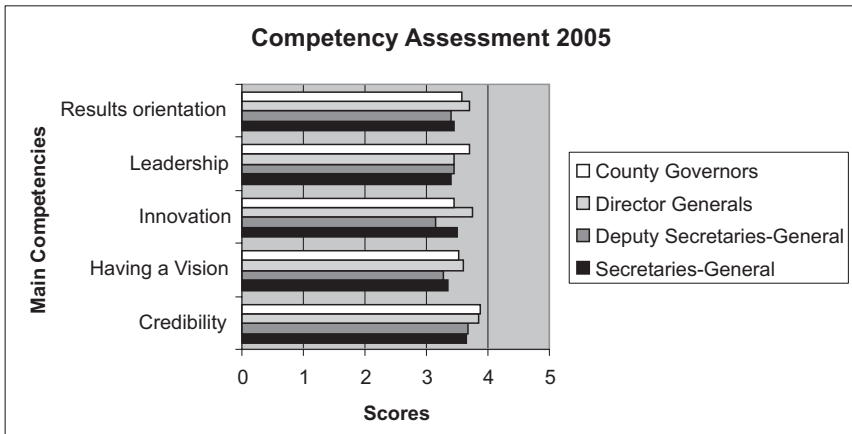


Figure 2
Results of the Senior Civil Servants' competency assessment, 2006

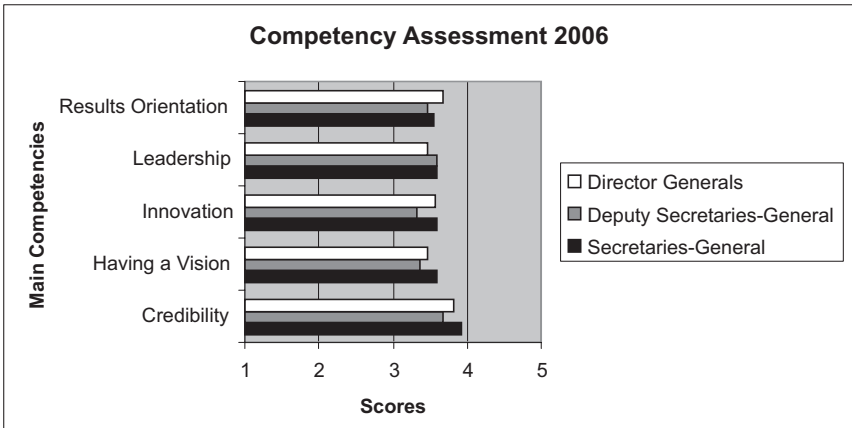
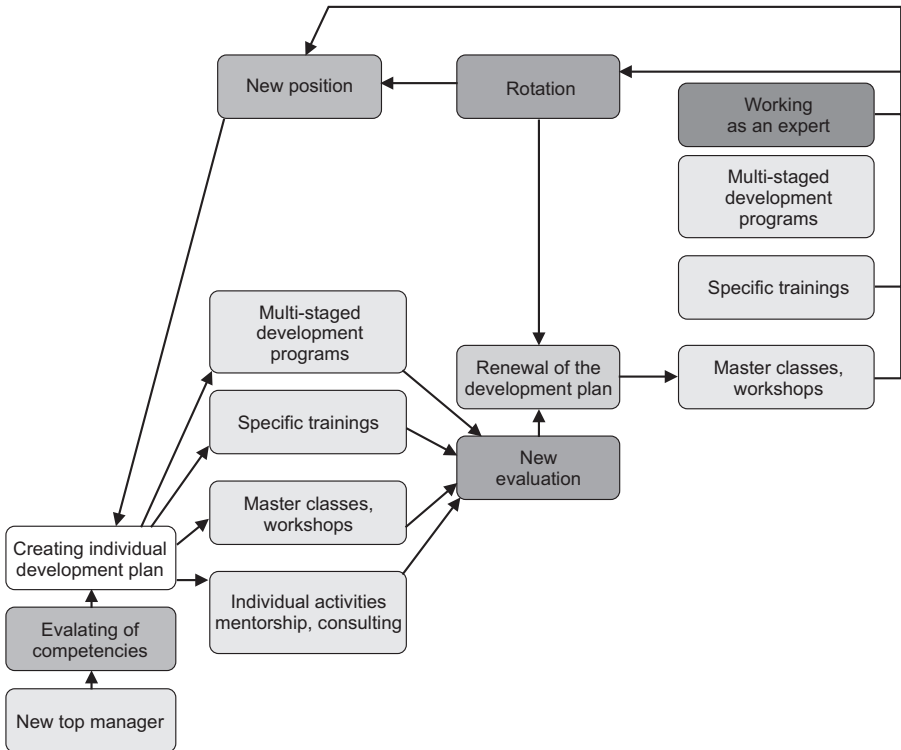


Figure 3
Competency-based development cycle of Senior Civil Servants



Essential Values of Leadership Inside Public Organisations: The Case of Romania

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Abstract

The idea that the role of ethical behaviour in public management is crucial for public organisations results and for citizens' satisfaction all over the world is already demonstrated by several researches and recognised by practitioners. There is only limited knowledge of how the newly emerged politico-administrative dichotomy in the region has influenced the formation of ethical behaviour during the management process and how can be changed being influenced by regional cultures, by public managers and politicians.

The main objectives of this paper are: (1) to present some of the conclusions of our empirical survey, (2) to underline the main reasons for unethical behaviour, (3) to identify some recommendations for creating and maintaining an ethically-oriented behaviour and culture. We used a special questionnaire, questioned 40 persons from the Centre of the Romanian Government and identified some important elements of their ethical profile and the mainly required changes. The paper contains several recommendations for increasing ethical behaviour in Romanian public organisations, especially the centre of the government.

The main and the most important conclusion is that the leaders empower human resources to act on the vision based on their core value.

1. Introduction

We began our research on the premises that decisions and behaviour are influenced by values. Because people today have differing values, it is necessary for public man-

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agers to foster common value systems within their structures if they want decisions and human behaviour to be consistent with their objectives. This consistency is only possible if the organisations' values are identified and people are hired who are willing and able to embrace the organisations' values.

The word "ethics" is often in the news today. Ethics is a philosophical term derived from the Greek word "ethos" meaning character or custom. This definition is germane to effective leadership in organisations, in that it connotes an organisation code conveying moral integrity and consistent values in services to the public.

Certain organisations commit themselves to a philosophy in the form of a Code of Ethics or Standards of Conduct. Other private organisations, however, will be concerned with aspects of ethics of greater specificity, usefulness, and consistency. Formally defined, ethical behaviour is that which is morally accepted as "good" and "right" as opposed to "bad" or "wrong" in a particular setting.

As the twenty-first century approaches, organisations face a variety of changes and challenges that will have a profound impact on organisational dynamics and performance. A long-standing tradition of ethical behaviour is based on principles of honesty, integrity and trustworthiness.

The ethical climate of an organisation is a shared set of understandings about what correct behaviour is and how ethical issues will be handled. This climate sets the tone for decision-making at all levels and in all circumstances. Some of the factors presented below, used also by our team in the survey, may be emphasised in different ethical climates of public organisations. They are the following: personal self-interest; public interest; operating efficiency; individual friendships; team interests; social responsibility; personal morality; rules and standard procedures and laws and professional codes.

Standards for what constitutes ethical behaviour lie in a "grey zone" where clear-cut right-versus-wrong answers may not always exist. As a result, sometimes unethical behaviour is forced on public organisations by the environment, but in many cases, the Romanian public organisations' ethical behaviour is strongly influenced by the values promoted by public managers and politicians through their personal example. It has been demonstrated by our survey that there are several differences concerning the core premises of ethical behaviour and values considered by the administrative and the political level of the government centre.

The effective management of ethical issues requires that public organisations ensure that their public managers, politicians and civil servants know what the ethical values are and how they should deal with ethical issues in their everyday work lives.

2. Empirical Survey on Specific Values concerning the Ethical Behaviour of Public Managers, Civil Servants and Politicians and also the Leadership Competences in the Romanian Centre of Government

It is now necessary for Romanian public managers and politicians to reconsider their fundamental values and beliefs, to see if what they represent now deviate from what we think we set out to be, and how we would like public employees to see us to be. Ethical behaviour is acknowledged as a necessity in modern governments.

There are some recent research studies and surveys, developed on this subject by specialists from over the world. During the period 15 – 20 February 2006, one Romanian academic group working inside the International Research Center for Public Management from the Academy of Economic Studies, Bucharest, coordinated by the authors, initiated an empirical survey on ethical behaviour in the Centre of the Romanian Government (CRG). We set up this survey with the main objectives of finding out what people understand by ethical values and ethical behaviour and to identify the main reasons for unethical behaviour occurring in the CRG. Based on this, we made some recommendations for improving ethical behaviour of these people, taking into account the general principles for managing ethics in the public sector.

The main purpose of the survey was to identify the problems in relation with ethical behaviour and the main reasons. Then the results were used for making recommendations concerning the essential ethical values appropriate and the changes needed for the Romanian public administration and especially for the central government body.

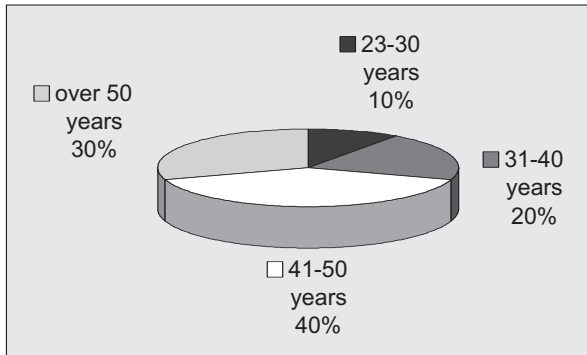
Ethical behaviour has been analysed from the following views:

- Utilitarian view of ethics — greatest good for the greatest number of people;
- Individualist view of ethics — primary commitment is to one's long-term self-interests;
- Moral-rights view of ethics — respects and protects the fundamental rights of all people;
- Justice's view of ethics — fair and impartial treatment of people according to legal rules and standards.

40 people from CRG responded to the questionnaire, bearing in mind the identification of the ethical profile of the people at this level of the Romanian public administration. Those who were questioned were 32 men and 8 women and the age categories were: 23 – 30 years – 10%; 31 – 40 years – 20%; 41 – 50 years – 40%; over 50 years – 30%. Depending on the last school graduated from, we found an average importance for university studies 85%, post-university 10% and college studies 5% respectively. Regarding the public administration experiences of the people ques-

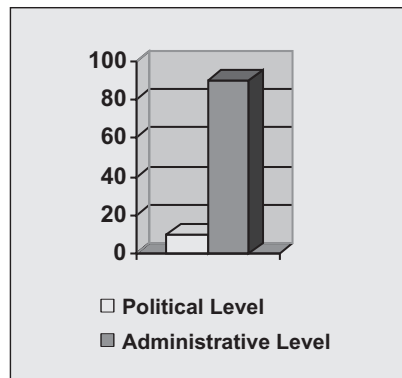
tioned, it is remarkable that the most of them (55%) have 15 years' experience at this level, followed by the category of those with experience between 5 – 14 years – 20% and the remainder of those questioned had less then 4 years' experience (between 1 – 4 years) – 25%.

Figure 1
Age categories



As mentioned above and also in Figure 2, we included in our survey representatives from both levels: political and administrative. Figure 3 details the structure of the political group: 10 persons from the political level – 4 directors from the minister's Cabinets and 6 counsellors.

Figure 2
The structure of the group



In Figure 4 we present the structure of the group from the administrative level: 30 persons: 7 executive directors, 10 heads of functional departments, 10 civil servants and 3 contracted people.

Figure 3
The structure of the political level

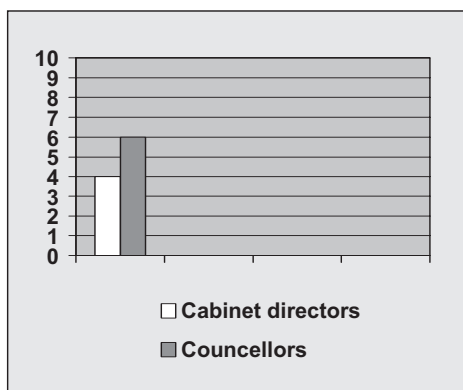
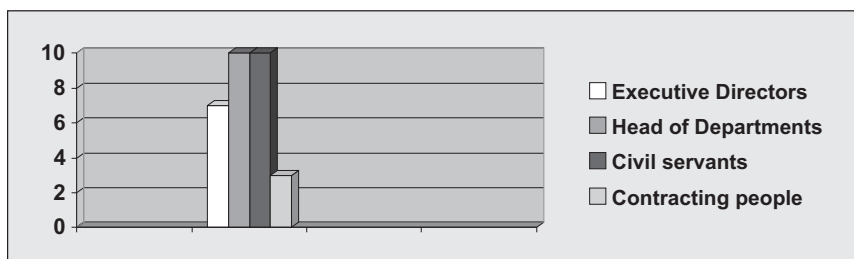


Figure 4
The structure of the administrative level



In our survey, we considered the following three factors influencing ethical behaviour: the person – family influences, religious values, personal standards, and personal needs; government body needs – supervisory behaviour, peer group norms and behaviour, and policy statements and written rules; the environment – government laws and regulations, societal norms and values.

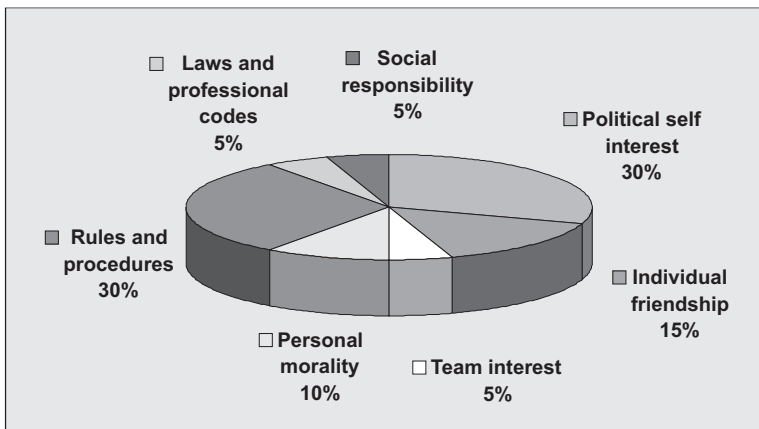
We found (see Figure 5), that in general, most of the people from the administrative level who were questioned felt a strong influence on their ethical behaviour from the last two factors. On the opposite side is the opinion of the people from the political level, who consider that their ethical behaviour is influenced by other factors related with the first and their political values supported by all of them.

The main values considered in our survey were: political self – interest; individual friendships; team interest; social responsibility; personal morality; rules and standards procedures and laws and professional codes. Concerning the understanding of ethical values and behaviour throughout our survey, we discovered that

more than 80% of the people questioned knew nothing about ethical values and behaviour.

As we can see in Figure 5, we identified the following percentage for each factor considered that influences the ethical behaviour at the Centre of the Romanian Government: political self-interest – 30%; individual friendships – 15%; team interests – 5%; social responsibility – 5%; personal morality – 10%; rules and standard procedures – 30%; laws and professional codes – 5%.

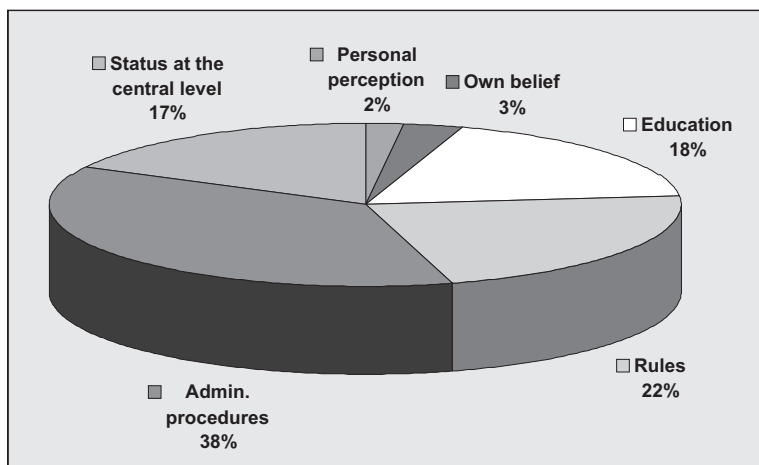
Figure 5
Values that influence ethical behaviour



More than 90% of the people involved in the survey mentioned that both categories of values are strongly influenced by the following factors: personal perceptions, own beliefs, education, rules, administrative procedures and status in the central public administration (see Figure 6).

All those from the political level considered the first and the second factors as the most important for influencing their ethical behaviour. The remainder of those questioned appreciated that their ethical values and behaviour were strongly influenced by administrative procedures, which had the highest rank, followed by rules and education. Only 5% from the administrative level considered that their ethical behaviour was influenced by their personal perceptions and beliefs. As demonstrated by the survey, there is a strong difference between the political and the administrative levels from the perspective of ethical values. Nobody referred to a clear system of ethical values for those working at the level of government. More than 90% of respondents declared that they felt ethical values and followed them in their daily activities because they understand how important this is in their relations with others and for the image of the institutions for which they work.

Figure 6
Factors on ethics



As is demonstrated by our empirical research, people look at their leader and say, ‘Should I follow this person?’ One very important attribute is integrity. When the leader loses legitimacy, the entire basis of an effective body comes down – fairness, equality and long lasting values. The governmental culture will collapse and that is something no public manager or politician can afford.

If a government is known to have a corrupt structure with a bad image, with non-ethical behaviour from their politicians and public managers, then the politicians may be able to escape the hand of the law, but no-one of any great worth will work for them. No-one will want to co-operate with such a government and in the long run, citizens and the business environment will not wish be associated with such a structure. Once a government or public management representatives are regarded as corrupt, their level of legitimacy declines.

The corollary is that, in a system when one government subverts the law, it becomes that much harder for other public organisations to operate cleanly. This is why ethical behaviour and ethical leadership are a necessity. Only if public managers and politicians set clear, unequivocal policies and controls stipulating zero tolerance, can public management ensure good practices in the central public administration.

Following the results of our empirical study, credible leaders and politicians challenge the process by experimenting and taking risks in their work as a means to finding new and better ways of doing things. They inspire a shared vision among employees by envisioning the future and enlisting the help of others to bring about that vision. They enable others to act by fostering collaboration and strengthening others.

Around 30% of the people questioned, especially the public managers, see themselves as role models, setting examples and helping people achieve “small wins.” Some of the public managers, approximately half of the total number, are credible leaders who encourage their staff by recognising individual contributions and by celebrating accomplishments. That means ethical behaviour, based on ethical values and morality. Most of the subjects considered that ethical behaviour is absolutely necessary when leaders attempt to implement reforms that are transformational in nature.

The survey pointed out that there are 2 categories of leadership competences related with public managers and politicians: one category is called soft skills and the second, strong/technical skills. It has been demonstrated that there are some critical leadership competencies confirmed as a baseline for promoting ethical behaviour inside the centre of the government: understanding other departments; understanding the ministries and their environment; building relationships and networks; managing change; managing the public; managing the media; influencing, motivating, developing, retaining talent and creative human resources; managing conflict and dealing with problem employees.

According to the survey results, “Many public managers are so focused on their department that they do not see its connection with other departments and also to society as a whole.” Leaders must fully understand how their departments (1) fit into and support the larger government and (2) enable their jurisdiction/agency to serve stakeholders.

We conclude that ethical behaviour and performance expectations are strongly influenced by the leadership’s knowledge, skills, attitudes, and abilities. We try to group these leadership competences into three broad categories: self, working with others, and performance, although some competencies overlap categories. Together, these leadership competencies are keys to the success of the Centre of Government based on ethical behaviour.

Most of those questioned mentioned that there is a special code containing the main ethical values, but the problem is how to create an internal mechanism for taking it into account. The code of ethics for civil servants was approved more than 3 years ago, following the Governmental Decision promoted by the National Agency for Civil Servants, but the effect is worthless. Public managers and civil servants are much more motivated to follow the legal framework and the job description than to make an effort to integrate ethical values in their daily activities. Most of them said that if their initiatives are legal, then that also means ethical. No-one explained to them or gave them training about what the difference is between rules, legal framework and ethical values and how it could be possible to integrate all of this in their ethical behaviour. The majority of our individuals pointed out that there are no internal mechanisms related to ethical standards for the public sector.

Another important conclusion identified by us during the survey was that there is no clear definition of civil servants' rights or obligations, except the Status of Civil Servants, which is the general legal framework for this category of employees. This is why they frequently have feelings of injustice, especially concerning their rights. They know their obligations from the job descriptions, but most of these documents are very similar. So, in fact, most of them have the same rights and obligations.

Concerning political commitment to ethical values, this depends on the politicians, Cabinet Directors and also the personal counsellor of the ministers. Some of them, in a very empirical way, try to behave ethically, but this does not happen all the time. They are politicians and they feel that public institutions like a temporary framework for their political careers, and because of that, they are not very interested in building a consistent and effective commitment to ethics to reinforce the ethical conduct of the people who are working in public institutions from the central public administration.

Related with the decision-making process, the survey identified that there is a very low level of consultation. Usually, the dialog between politicians, executive public managers and civil servants at the centre of government is very poor; most of the time, people from the administrative level are very much involved in public policies' implementation and not in the decision-making process. In this context, the ethical values are not part of the politician's working life; they consider these subjects to be secondary and because of that, they are not interested in investing time in designing a functional mechanism for ethical values. There is a clear division between politicians, public managers and other employees from the public administration. The people at the administrative level are interested in having an ethical values system and they want to follow them, together with the representatives from the political levels. In conclusion, the people who were directly implicated in the CRG are a long way from having a vision, in general, on ethical values and behaviour and, sometimes, do not even understand them. This situation may have many explanations, but some of them are: the weak training of these people and the low interest and support of the politicians.

Taking into account the results of our empirical survey and the EU framework related with ethical behaviour in public organisations, we identified some recommendations for increasing the ethical behaviour at the centre of the Romanian government.

3. Recommendations for improving Ethical Behaviour at the Centre of the Romanian Government

One of the greatest challenges confronting any leader in the twenty-first century is bridging the gap between strategy and getting people to execute it. Leaders (politicians, executive public managers) direct people to focus on the right strategic issues.

Too often people cannot identify with a government's strategy and likewise, too often, leaders are disconnected from the realities that people must face within the organisation. If the leaders can properly bridge this gap (strategy vs. organisational capacity), then they should be able to create value.

The centre of government must be managed in such a way that a strong dialogue takes place between the leaders and its people. If the right people are engaged, then everyone should be able to cut their way through the strategic jungle. If leaders fail to engage people in strategic execution, then creating value through leadership will be exceedingly difficult. Although it is true that most people are not good strategic thinkers, it is also true that people want to contribute to a larger purpose that only the leader can convey. Therefore, communication is at the cornerstone of creating value through leadership. And given great communication, leaders from the centre of the government can close the gap between strategy and strategic execution.

Although governments have different cultural, political and administrative environments, they often confront similar ethical challenges, and the responses in their ethics' management show common characteristics. Member countries need to have a point of reference when combining the elements of an effective ethics management system in line with their own political, administrative and cultural circumstances.

We take into account the problems identified through the empirical survey inside the centre of the Romanian government and environment, already mentioned in the previous section, the main reasons discovered and the new modern leadership theory. We appreciate that this is a very crucial subject, not only for Romania, but for other CEEC and other regions over the world. We believe that we need to have a consensus concerning the content of the ethical values and to accept that *leaders, politicians and public managers, must be very flexible in implementing these, depending on the particular internal and regional environments.*

Taking into account the reasons identified through the empirical survey and also the general principles for managing ethics in public administration, we can recommend several ways for increasing the ethical behaviour of the leaders in the Romanian public organisations, and especially at the centre of the Romanian government.

3.1 Training on the specific values concerning ethics and ethical behaviour

The training programs must be structured to help participants to understand the ethical aspects of their work, their status and also the ethical aspects of the decision-making process inside the public institutions. It must help people to know how to incorporate high ethical standards into their daily life. During the training program, people must learn how to deal with ethical issues under pressure, and

other relevant ethical behaviour, being convinced that it represents a real need for the Romanian public administration as a whole.

Professional socialisation should contribute to the development of the necessary judgment and skills, enabling people to apply ethical principles in concrete circumstances. Training facilitates ethics awareness and can develop essential skills for ethical analysis and moral reasoning. Impartial advice can help create an environment in which people are more willing to confront and resolve ethical tensions and problems. Guidance and internal consultation mechanisms should be made available to help public people apply basic ethical standards in the workplace.

3.2. Promoting the organisational methods for overcoming whistle blowing barriers

We would suggest setting up ethics staff units which would serve as ethics advocates and also special discussion groups to find solutions relating to ethical behaviour. The name of this special team could be “moral quality circles” and they could work at the centre of the Romanian government and based on the same principles as “management quality circles”.

3.3 Design and implementation of a special ethical accounting mechanism inside the centre of the Romanian government and also the ministries and other public organisations

The internal mechanism must be based on the following values:

- Respect for human dignity. That means: to create a culture that values employees, citizens, politicians and produces safe public policies;
- Respect for basic rights. That means: to protect the rights of employees, public managers, citizens, and communities; to avoid anything that threatens safety, health, education, and living standards;
- Be a good public leader. That means: to support social interest; to work inside the government and institutions to support and protect the public interest.

Public leaders should be accountable for their actions to the public. Accountability should focus on compliance, with rules and ethical principles, and on the achievement of results. Accountability mechanisms can be internal or can be provided by civil society. Mechanisms promoting accountability can be designed to provide adequate controls while allowing for appropriately flexible management.

The main steps for creating such mechanism are:

- Clarifying the vision and mission statement, setting goals and objectives;
- Present the principles and design the core ethical values and ethical standards in the workplace;
- Disseminating, motivating and communicating ethical standards and values;

- Building teams oriented on ethical values and results;
- Measuring performance;
- Developing human resources;
- Increasing participative management;
- Preparing for transition to the new public management model based on ethical values and competitive leadership in public organisations.

3.4 Create a code of moral principles

This means establishing a set of standards of “good” and “bad” as opposed to “right” and “wrong.” Public servants need to know what their rights and obligations are in terms of exposing actual or suspected wrongdoing, within the public service. These should include clear rules and procedures for politicians and executive public managers to follow and a formal chain of responsibility. Civil servants and some politicians must also know what protection will be available to them in case of exposing wrongdoing.

3.5 Create an ethical role model

Following the experiences from other developed countries, usually top public managers and politicians serve as ethical role models. All public managers and politicians can influence the ethical behaviour of the people who work for and with them. Practice has shown that excessive pressure can foster unethical behaviour. Because of this, public managers should be realistic in setting performance goals for others. They should also observe ethical values through their daily life inside public organisations. In this way, they can become role models for others around them.

Political leaders are responsible for maintaining a high standard of propriety in the discharge of their official duties. Their commitment is demonstrated by example and by taking action that is only available at the political level, for instance by creating legislative and institutional arrangements that reinforce ethical behaviour and create sanctions against wrongdoing, by providing adequate support and resources for ethics-related activities throughout government and by avoiding the exploitation of ethics rules and laws for political purposes.

3.6 Create a special code of ethics for all people who are working for the centre of government and also for other public organisations

That means a formal statement from the centre of government and the organisation’s values and ethical principles regarding how to behave in situations susceptible to the creation of ethical dilemmas. It must be reflected in the legal framework.

The Public Management Committee and the OECD Council recommended that their member countries take actions to ensure well-functioning institutions and systems for promoting ethical conduct in the public service. This can be achieved by:

- developing and regularly reviewing policies, procedures, practices and institutions influencing ethical conduct in the public service;
- promoting government action to maintain high standards of conduct and counter corruption in the public sector;
- incorporating the ethical dimension into management frameworks to ensure that management practices are consistent with the values and principles of public service;
- combining judiciously those aspects of ethics management systems based on ideals with those based on the respect of rules;
- assessing the effects of public management reforms on public service ethical conduct;
- using as a reference the Principles for Managing Ethics in the Public Service to ensure high standards of ethical conduct.

The idea of this approach is to create a set of HR practices that work together to identify, develop, and advance talented people through the essential ethical values and the leadership competencies. For example, if decision-making and problem-solving are key leadership competencies, an integrated leadership development system ensures that the organisation assesses, selects, evaluates, advances, trains, develops, and compensates managers on this competency (along with other critical competencies, of course).

4. Conclusion

We have taken into account the problems identified through the empirical survey inside the Romanian centre of government and the environment, already mentioned in the previous section, the main reasons discovered and the new modern leadership theory. We appreciate that this is a crucial subject, not only for Romanian public organisations, but also for all CEEC and other regions of the world. We believe that a consensus is needed concerning the profile and role of the leaders, public managers and politicians related with ethical behaviour.

As we can see in this paper, the absorption of ethical values should happen in various ways, depending on the environment, the organisational culture and the particular characteristics of the human resources. An effective leader is one who makes a demonstrable impact on one or more of the ethical values, presented in a positive way by influencing the behaviour and performance of others.

In the new era of rapid changes and knowledge-based organisation, managerial work increasingly becomes a leadership task, based on ethical behaviour. Leadership is the primary force behind successful change. Leaders empower human resources to act on a vision based on their core values.

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The Potential of the Civil Service Training System: Human Resources Development Strategy

Eugenijus Chlivickas¹

Abstract

Contemporary public administration is inherent of reforms, changes and innovations. In seeking a solution to the various problems, most attention is paid to the increment of the efficiency of state structures, stability of governance bodies and the professionalism and accountability of human resources of state institutions. The human resources development strategy is closely related to the new quality creation, because of its objective – first, to create a human resources system, which would be integrated and governed by central and local government, second, to evaluate the development of the system and related programmes.

The article covers a critical evaluation of human resource strategy development, the various attitudes are compared and the most appropriate method is applied. The author presents methodically motivated suggestions for the development of a human resources system for state institutions. The article identifies the role and importance of human resources in the context of public administration reform, analyses the problems of human resources training according to the levels of hierarchical governance, and it presents the strategy goals and priorities of human resources systems of state institutions.

The beginning of the century brought many reforms, changes and novelties into the sphere of public administration. In seeking to solve the country's complicated problems, the main attention focused on the increase of the effectiveness and usefulness of the state structures, the stability of the machinery of state and the improvement of professionalism and responsibility.

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Training is closely related to the creation of capacities because its objective, on the one hand, is to create an integrated and properly governed training system of civil servants of central and local governments, and, on the other, to implement the idea of the continuity of that system and activity programmes related to it.

1. Topicality of Civil Service Training

Seeking to achieve efficiency in the sphere of the state service, civil service training becomes even more important for the following reasons:

- The rate of organisational and technical restructuring of the civil service is constantly increasing, and this requires that civil servants should regularly acquire new skills and learn the regulations.
- The decrease in the number of civil servants demands that the individuals who have stayed in the public service should acquire more diverse skills.
- The process of accession of the Republic of Lithuania to the European Union requires that civil servants should understand the peculiarities of public service functioning, not only of their own country, but also of the European Union.
- So far the tradition has been that any civil servant making his way up the professional ladder has had his technical, rather than managerial competence accentuated in the public service of the Republic of Lithuania. Cases are quite frequent whereby high level professionals with a narrow specialisation, no managerial abilities and unable to efficiently run an office become managers.
- Society sets ever increasing requirements for the public service and it is possible to satisfy them only by improving the skills of civil servants, as well as by changing their principles.
- Constant pressure from society on the public service to prove its efficiency by material achievements requires that civil servants should be able to efficiently plan their activities and think strategically.

In seeking solutions to complex problems in central and eastern European countries, the main focus should be placed on the improvement of state structures' efficiency, government bodies' stability and increment of professionalism and accountability of human resources in state institutions.

A human resources system is linked to the establishment of new quality since the aim of the latter is to create an integrated and well-manageable system of central and local government human resources and to ensure expansion of the system and the action programmes related to it.

One of the public administration sectors is public servants' training and improvement of this process. Though there are a large number of intelligent and qualified specialists in central and eastern European countries, imperfect legislation, as

well as training systems, very often impede the progress of training and even that of public administration.

The main principles of the public service, the status of the public servant and legal principles of the public service are regulated by public administration legal regulations. As a rule, they include establishment of public servants' training systems.

Public servants' training is one of the means for improving public administration and enhancing a continuous policy on public staff training, which aims at ensuring the implementation of objectives set to state and self-government institutions (further institutions).

However, state long-term developmental priorities, the way they are implemented and human resources training lack concordance. In order to create an efficient public service and to successfully implement public administration reform, it is necessary to systematically improve the human resources system, which would enable the implementation of state government objectives and priorities.

The aim of the researches – to provide methodologically based propositions for improving the system of state institution human resources. The implemented propositions would create favourable preconditions for increasing the efficiency of the public service and pursuing public administration reform.

The methodology of the researches. Striving for a set goal, the theory of human resources' system development and realisation has been critically assessed; different attitudes have been compared and the most appropriate method has been chosen. A wide range of methodologies has shown that a unanimous standpoint concerning the development and implementation of a human resources system does not exist, therefore, to choose and employ the most rational variant is possible, though not easy.

2. Improvement of Human Resources as an Essential Component in Public Administration Modernisation

2.1 Strategy preparation models for public administration improvement

Western countries focus on preparing strategic management systems i.e. systems of 'strategic management', 'enterprise plans', 'company mission' and 'strategic game plans'. They are analysed as one of the management elements and through its registration, the general targets of the institution and the strategy for their implementation are set. [9].

The strategic management system, which is used for selecting a rational strategy, consists of two inter-related parts: strategy projecting and its implementation.

The first part defines factors that determine the efficiency of the activity. This is pursued through an analysis of the three management levels: institutions and their departments, individuals and external conditions. After determination of the influential to efficiency factors, the vision of the institution is projected. SWOT analysis adds to the successful formulation of the vision. Having formulated the ideal state of the institution, the managerial activity is oriented towards it and the aim/ideal is raised. In order to achieve this, a multi-stage system of objectives is composed, which can be considered as structured data, accumulating the collected, systemised and assessed strategic information. The general aim is divided into smaller aims and objectives in order to establish a system of means that are essential to the achievement of goals and objectives and to arrange them in time and space [2]. Following this stage, the corporate statement of divisions is projected: it reflects the obligations of all the services in the institution, whilst striving for the achievement of transitional objectives at different levels. The formulation of the mission finalises the first stage of strategy development. Strategy implementation requires more time and effort than its development. In the realisation stage, systems of complex work tasks for purposeful managerial activity, staff employment, payment and incentives are developed.

Other authors [14] suggest the following sequence of the strategic management process: analysis of the environment, formulation of the mission and goal setting; development of a strategy for achieving these goals; strategy implementation and an assessment of the performance results, together with the strategies used or their implementation methods and control.

The representatives of this school would like to state that the structured analysis of the institutional environment is an important beginning for the strategy implementation. It enables revealing new aspects of the problem, encourages managers to think deeply and to employ a wider range of strategic management methods and to solve immediately any global problems arising. The mission, which expresses the essence of the institution's existence and its function, is formulated; long-term and short-term objectives are itemised. When selecting the strategy, it is advisable to consider the strengths and weaknesses of the institution, its objectives and financial resources, and staff's qualifications, etc. [1] The advocates of this approach do not pay much attention to strategy implementation and control. Realisation of the selected policy initiates a range of inner changes that enable the institution to adjust to changing conditions. The strategy implementation control should ensure the feedback of results and institution objectives; it should also assess the state of performance, considering the accepted standards, and ascertain the reasons for deviations.

Scientific literature very often presents descriptions of strategic management methods. Each author presents a more or less similar approach to the problems ana-

lysed; however, in explaining certain stages of the process, they emphasise different aspects or reveal different features of these aspects.

Another methodology which focuses on rational solutions developing a strategy is presented [4]. According to this theory, aims and objectives are successfully implemented if the competitive potential of the institution is assessed; a rational specialisation is selected to each 'serviced' segment; environment (i.e. partnership relations) is rationalised; a whole list of possibilities is determined and a motivation system is applied.

The comparison of different approaches reveals that strategic management competence includes the following skills: modelling of a situation; ascertaining the necessity for changes; formulating the change strategy and implementing the strategy. The analysis of strategy preparation theories shows that any strategic decision may be made, considering two conditions: restriction on freedom of actions as well as indeterminacy of the situation and multi-stage objective system.

The success of the activity depends on the ability of top-management to make rational decisions. Each of these affects the final performance results according to which of the strategies are assessed in one way or another.

The American strategy development model focuses on the strategic description of the situation: vision, mission and system of aims. Both stages of formulating the vision and mission point out levels of external and internal environment, i.e. the above mentioned stages highlight the strategy line, which is based on structuring the system of aims and arranging them in time (drawing up an 'aim tree'). The most influential factors in strategy development are economic factors and competitors. The American model presents more detailed descriptions of strategy development. This theory may be considered as one of the best and most thorough formalised procedures of strategy development. The accumulated managerial experience and the strong attention of American scientists to resolving strategy problems empowered the development of the model [11].

The representatives of German schools [9] analyse the following strategy development stages in a most thorough way: external and internal environment, the aims and a complex set of marketing instruments. The sources do not present descriptions of such important elements of strategy development as vision and mission. The German authors emphasise that institution policy, to a larger extent, depends on its culture and philosophy. The general culture of top management in the institution determines the ways of problem solving and a system of behaviour values. However, German authors propose a wide range of aim systemisation variants and higher managerial aims prevail in their hierarchy (pyramid of aims).

The representatives of the Russian management school do cite formulation of vision as a separate stage. Only a few of them emphasise the importance of the mission in the process of strategy development. The Russian approach is well-ana-

lysed in the sector of the planning institution's 'economic portfolio' and developing policy of separate economic units. Both the Russian and German authors very often suggest performing a strategy control in the final stage of strategy development, in order to identify the reasons for deviations and to flexibly adapt to the changes in the environment.

As mentioned above, the strategy implementation is the second stage in the strategy development methodology. The author [4] emphasises the importance of performing all implementation actions as soon as possible and in parallel with each other. He states that the changed organisational structure of the institution initiates changes in personnel structure, number of employees and other parameters. The personnel's competence is one of the most relevant elements of the structure, since it cannot only determine the successful performance of the institution, but also affect the whole performance complex as well as the institution's image. According to the author, the strategy is implemented through the following instruments: organisational structure, communication and decision-making possibilities, management style, co-operation, changes in management, etc. as well as personnel competence, their motivation, organisation culture and values, aims and objectives.

Other authors [10, 11] suggest starting strategy implementation with the seventh out of ten stages: identification of the position in the external environment. This is a transition to a practical application of own strategy. Available analytical data will enable identifying the institution's position in the external environment. The future perspectives of the institution depend on how competent the identification of the position is carried out. The eighth stage is forming the goals. During this phase, it is important to use well-known formulae. Specific and reasoned goals ensure clear guidelines. However, people implement plans, aims and conceptions. The ninth stage is the formulation of relations. The preparatory work is carried out and after forming conceptions and processing data, strategic planning begins. The tenth phase: on the bases of the accepted conception and drawn-up plans, the focus is placed on unused possibilities, which form prerequisites for employing own activity potential to the maximum.

In the process of planning strategic changes, the following stages in strategy implementation are pointed out: strategy development of each underlying problem; planning and planning procedures, implementation of planning, decision-making, and implementation of decisions, final monitoring and assessment of results.

The author [4] describes McKinsey's suggestion of using the 7S method when implementing a strategy: strategy, structure, system, style, staff, skills and share values. According to this theory, it is necessary to develop a system, the elements of which are significant and inter-related. The system would collapse without at least one of these elements.

Some of the most important factors are management style and corporate culture – they all manifest themselves after implementation of the strategy and signal

the efficiency of changes and successful strategy implementation. Organisational strategy and values single out the institution from other organisations and enable it to gain advantage in competition.

The analysis of strategy development methods shows that an integral model of the process does not exist. On the basis of experience and taking into consideration the changing situation, new ideas and opportunities, and predicting and modelling the situation, the authorities decide on the sequence of institutional change management. Therefore, this process requires high managerial competencies, environment awareness and reliable information.

Selection of strategy and its implementation are the main elements of strategic management content. It is obvious that the initial and very important phase in defining the activity strategy of the institution is the analysis of the situation. Long-term development direction includes various sectors, means and forms of institution performance, relations within the institution and its position in the external environment. The main objective is to focus the institution on strategy pursuance and to ensure that there are sufficient resources for the realisation of the selected policy.

In order to develop a human resources development strategy and to provide ways to implement it, taking into account the methodological fundamentals of strategy development and implementation, it is necessary to creatively apply the described methodologies and employ their advantages. The following sequence to problem solution might be suggested:

- monitoring of the present status of human resources system is performed;
- course of public administration reform and the importance and place of human resources in the context of reform are described;
- problems concerning improvement of human resources system are characterised according to management hierarchy levels;
- aims and priorities of human resources system strategy are identified;
- developmental model of human resources system strategy (vision, goal system and mission) is proposed;
- implementation method of human resources system is presented. It could become a successful factor in public administration reform;
- assignments to state institutions and their human resources services;
- training of state institution human resources specialists, as well as assessment of specialists from the point of view of their professional qualifications and work quality;
- development of organisation forms and structures and their application;
- development of a public servants' continuous learning system.

The present state of the human resources system can be thoroughly described only after analysing all its aspects.

2.2 Human resources training problems according to management hierarchy level

Each of the problems related to human resources training can be divided into state and institutional. Employing legal leverage, the problems in institutions should be solved considering the performance of professional development institutions and, at the same time, adapting their activity to strategy provisions and guidelines that have been approved at the state level.

Problems at state level. A system of permanent human resources' training which would provide for methods and means, enabling the implementation of public servants' continuous qualification idea development, has not been prepared. The training priorities of each government service position levels and categories have not been formulated. Up until now, it has not been achieved that financial resources should not be concentrated on priority groups and categories of public servants. The status of a public servant has been comparatively low in society. The interrelation of training system participants and responsibility for reliability of the whole system functioning have not been identified; it has not been stated that introductory training should include formal teaching, whereas qualification development should cover non-formal teaching. Government decentralisation is not considered to be one of the main principles organising non-formal training.

The government, enacting laws and acts under it, should allow for favourable conditions to train human resources as well as to develop their competencies. To implement training assignments, personnel departments lack potential (for identifying needs, planning training, training assessment, etc). Human resources services in public institutions of different offices have not prepared 'exemplars' of their public servants' professions. Objectives and qualification descriptions of profession 'exemplars' should guide specialists' qualification development. The present system is inadequate for public servants' activity. Qualification requirements for separate specialists' groups, which would form the basis for training needs identification and training programmes development, have not been prepared. There is no relation between knowledge brush-up, the assessment system and career planning and wage system.

Problems to solve at the level of qualification development level. Insufficient attention is given to the content of qualification development, as well as on adequate formation of new knowledge and skills. The integral system of information and knowledge assessment is absent. A system of training programme quality assessment, as well as a system of qualification development needs analysis, has not yet been developed. The efficiency of training and qualification development and the impact of training on the activity of public servants and institutions have not been investigated. Resources and capacities of qualification development institutions are insufficiently utilised.

Public administration institution level. The main obstacle impeding the development of an effective human resources system is insufficient capacity of personnel management in public institutions. Their normal functions are registration, recruitment and staff selection. However, they fail to properly analyse training needs and to perform training process and career planning functions. The number of human resources specialists is clearly too small to perform the above mentioned functions. Public administration institutions cannot properly administer qualification insurances processes. It can be stated that public servants' training in Central and Middle Europe has gained extensive character and is often based on personal motivation, which frequently does not meet the interests of the institution. Five to six years ago, the participants in the majority of training programmes were top-level administrators. The qualification they acquire, at least to some extent, should meet the needs of a contemporary public administration. However, the success of public administration reform basically depends on professional skills and competencies of mid- and – lower level servants and therefore, the development of these skills becomes one of the main components of public administration reform.

3. Draft of a Public Administration Human Resources Development Strategy

3.1 Aims and priorities of a public administration human resources development strategy

The system of public servants' training aims should consist of the formulation of a multi-stage objectives system and its distribution according to public administration system levels. The setting of goals and their implementation should start at the highest level.

The strategic goal could possess the four main features:

1. The goal should relate the human resources system to the environment. It should identify the system's relation with the external situation and describe sectors that interrelate with human resources. It is important, not only to adapt it to existing conditions, but also to foresee possible dangers as well as ways to either avoid them or solve them.
2. Public servants' training should be analysed through a systematic approach. It could be described as many problems pointing out management levels of state, institution and human resources.
3. The strategic goals should be directly related to inner facilities, i.e. it is important to assess the potential of separate qualification development institutions, state and institutional resources, present training and experience.

4. The goals should be set for the entire system of public servants' training. The structured strategy should guide all the institutions involved in public servants' training, qualification development and coordination.

3.2 Development of a human resources system strategy

It is important to found a philosophy of human resources system improvement that would identify values and principles to lead on to achieving the aims and objectives. The mission is treated as a statement revealing the purpose of institution functioning. It can also reflect goals of institutions and separate departments.

Corporate missions, through the manifestation of a human resources system, participants' intentions and their importance in society, reflect the purport of the institution's existence. A local mission enables to determine alternatives and to harmonise attitudes of different influence groups. However, J. Bryson [1] states that the most important thing is that it declares an approach to the external environment, to the interests of society and social responsibility. The process of mission identification can be divided into two stages: mission formulation and implementation [10].

While setting institutional aims it is suggested that an exact 'tree' is drawn. The general goal is disintegrated into minor goals etc. All the aims are distributed at various levels and they must be located in the time scale. This is how a multi-stage aim system is projected, pointing out goals at the first level, as well as of lower levels together with the terms for their achievement.

Vision should serve as a take-off point for any conscious activity including long – term perspectives. Formulating a vision of an institution or group activity, the best and most perfect future variant is presented.

The conception of human resources management should be developed, taking into consideration the peculiarities of strategic management and the goals of the Lithuanian public administration reform. The strategy and vision should be prepared following general requirements to government service, functions of an institution and their type of activity, human resources policy and management principles.

3.3 Implementation of a human resources system strategy

The integrity of the system, together with its separate elements, are analysed in this phase.

Assignments to state institutions and their personnel departments. Every innovation demands human resources capable of realising it. Public administration reform is a reform of public servants' mentality. The aims and objectives of public administration reform are the basis for government institution assignments. One of the most complex aspects of the reform is the regulation of public and private inter-

ests. Therefore, the mission of state institutions is enacting rules of laws through the administration of public functions.

Assignments for state institutions, in the light of the reform, should be formulated after implementation of the following tasks:

- to assess the status (position) of state institutions in the state administrative structure as in the area for state strategy implementation;
- to evaluate trends, principles and means of state institution performance in order to integrate state institution infrastructure into the system of public administration;
- to change organisation structure in order to ensure better relations among sub-systems of public administration;
- to direct efforts of public administration institutions and specialists' efforts to establish a centre of public administration reform experts.

Assignment to personnel departments should be delegated after implementation of the following tasks:

- state institutions should reform their human resources management system and modernise the work of their personnel departments;
- achieve a situation whereby personnel departments would employ human resources management and administration specialists with management education and work experience or a specialist of social sciences (MAs or specialists with adequate qualifications);
- public administration human resources departments should become units performing functions of staff's selection, training, evaluative criteria selection and their appropriateness testing;
- in the initial strategy implementation stage, human resources departments should be consulted by independent experts.

3.4 Public administration personnel department specialist training and assessment considering human resources management specialists, professional qualifications and performance quality

Human resources management, as a practical managerial activity, is related to assessing a person before legalising labour relations (recruitment and selection), while working or making him/her redundant. This assignment can be properly performed by human resources specialists with high qualifications. The quality of staff depends directly on these specialists. The employee is evaluated through his service time but the objectivity of the human resources management specialist plays the most important role in making the right decision. Human resources system management is a specific management area that necessitates special training of the people involved. Problems of human resources management specialist qualifications and their per-

formance quality should be solved at various levels: training, selection, professional activity and activity evaluation quality.

Following the implementation of a complex system of human resources management, which is based on systemic scientific research results, it could be reasonable to expect harmonisation of management and administration progress with efficiency in practical activities. Closer co-operation among scientists and practitioners in this sector would enhance the development and progress of the country.

Expenses of inner management do not have a quantitative expression in economic equivalents (money). However, only inner management efforts to improve quality, forms the precondition for economic (external) quality improvement effect. The inner management expenses for quality improvement are necessary for personnel first of all. Since qualitative transformations in the institutions are achieved with the help of people, it is necessary to change the system of human resources management. This should be performed, not only to motivate employees to participate in management, but also to attain a management model when efforts of leadership and subordinates are assessed according to quality criteria.

To ensure the efficiency and high quality of training, quality aspects of annual order placement and those of training programmes, problems of overall training minimum insurance for a certain period of time and certification become of high importance. The methodological essence of the programme, training qualifications and necessary logistic provision has to be evaluated. This will enable the institution to utilise human, material, technological and informational resources of training institutions in a more efficient way.

3.5 Development and implementation of organisational forms and structures

While implementing public administration reform, it is important to modernise state institution management structures and to project new organisational forms that might lead to solutions to problems in the public administration sector. The main principles modernising public administration forms and integrating them to EU structures should be as follows:

- all institutions, seeking administration reform objectives, should follow the state goals and prior requirements;
- public servants' training should be implemented following the rights of public servants, i.e. informing them not only about their duties but also about their real rights;
- principles of equality and political neutrality should be realised demanding a restriction of public servants' political activities during service;
- the main principle of public institution work should be the principle of transparency which is based on the provision that public servants' activity (as well as that of public institutions) is public, understandable and open.

To implement progressive provisions of public service policy and to ensure the proper work of institutions and specialists in the stage of strategy implementation, it is necessary to formulate a *system of government servants' continuous qualification development*. Such a system would consist of consistently implemented and inter-related elements:

- *search* system for specialists who are needed and suitable for work in state institutions and organisations;
- *selection* system of specialists suitable for definite positions and functions in public service and those who have been purposefully trained;
- system of *introductory training* of specialists who have just started or are about to start their public service;
- a qualification development system of all levels and offices which includes both the *official complex* (content is adequate to a specialist's position) development and purposeful qualification development (content is oriented to gaining new knowledge and development of new skills);
- *qualification assessment* system of public servants at all levels;
- *re-qualification* system of specialists working in the public service.

On the basis of continuous qualification development system formation and its development, the preconditions for the perfect quality of public servants' work are created in the process of developing and implementing the state policy for human resources management. Striving for successful implementation of public administration reform and seeking an increase in public administration efficiency, it is necessary to create an effective human resources training system in the public administration sector.

The present overview of strategy development and implementation show that a unanimous approach concerning the structure of strategy development and implementation structure and consistency of its realisation does not exist. Therefore, it is suggested to use tested methodologies creatively and employ their advantages.

Considering a human resources system development as a consecutive permanent process, it is absolutely necessary to continue monitoring the existing public servants' training, to form prerequisites for public servants' training implementation i.e. to eliminate inadequate elements and to introduce suitable ones.

The analysis of the present state of public servant training should include identification of the servants' training place and role in the context of public administration reform; the problems should be singled out according to management hierarchy levels; aims and priorities of human resources development should be formed and the main approaches to continuous qualification development as to human resources system development should be presented. The strategy of public servants' training has to be improved, taking into account the general aims of public

administration reform and concepts of public administration activity image and human resources management.

The strategy development and its implementation model is prepared and proposed. This process should be implemented, setting concrete assignments to institutions and their personnel departments, improving the existing organisation forms and establishing new ones. The main principles of modernising and integrating organisational forms are introduced. The main condition for human resources strategy implementation is a continuous public servants' qualification development system, which comprises sub-systems of the search for specialists and their selection, introductory training and qualification development, public servants qualification assessment and specialists' re-qualification. The continuous system enables the implementation of a state policy for human resources management. Public servants' training is gaining the status of the public administration reform success.

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Training Public Service Ethics – Lessons Learned in Estonia

*Aive Pevkur*¹

Abstract

In order to change the ethics climate in the public service, one of the most important tools is training. In Estonia, during 2005/2006, the Public Service Ethics Training Resource was created. The project was carried out with the support of OECD / SIGMA and finalised at the beginning of 2006. In autumn 2006, ethics training began.

The objective of the Public Sector Ethics Resource (PSER) Project was to assist Estonia in developing a comprehensive package of materials, which could be deployed primarily for public service capacity-building, training, self-directed learning, reference support, and public information. The main aims of creating and using PSER in training was to raise ethics competence and to help resolve discretionary dilemmas. It seems the PSER is fulfilling these expectations. Overall, the methods and structure of the PSER are promoting constant improvements of the resource itself in response to changing demands.

In this paper, the background, the strengths and weaknesses of the project and the training implemented on the basis of the created training resource will be analysed. Attention will be paid to the general aim of the training as well as the importance of creating a unified public service ethos, in particular, in the public service.

Introduction

The interest in questions concerning ethics is rising in all societies and in all fields. Public administration is no exception to this movement. In Estonia, we can observe how professional ethics questions invade discussions about development in differ-

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ent areas of the public sector (politics, police, prisons etc). However, holding discussions and keeping the subject in the spotlight is not enough to change the ethics climate in the public sector. Improving the quality of governing and providing the best service to citizens also needs constant improvement of skills and knowledge by civil servants. One essential part of the package of civil servant skills is **professional ethical competence**.

When describing skilfulness in ethics, the ability to identify and formulate moral problems, the ability to reason about moral issues and the ability to clarify one's own moral aspirations are usually included. (Siipi, 2006: 279). All these abilities are about decision-making and acting in a particular situation. This generates two questions.

- First, how do we train these skills within the content of public service?
- Second, what should be the content of this training?

These questions seem to be interrelated. The content of training courses and the supposed goals will influence the methods of training.

Teaching ethics can be seen as a variation of two different approaches. One is the theoretical – normative approach to moral questions and is usually connected to philosophical thinking. This approach is academic and its aim is to give knowledge about ethical theories and principles and to teach students to think logically and critically about ethical issues. Another approach puts the emphasis on a specific subject field and its aim is to influence behaviour (Siipi 2006). Usually these kinds of training courses are specified within one profession and linked to professional ethics.

Another factor influencing the content and aims of ethics training is changes in society and the public service. This is especially noticeable in the field of public administration and service reforms. Hyland recognises a commitment to the ideologies of market forces and input/ output efficiency and accountability in many professions. We can observe the same tendencies in the public sphere. Hyland directs attention to the factors that shift within the public sector when efficiency becomes an overriding priority. Professional studies, education, and training are construed as quantifiable products, which can be pre-specified in tangible and concrete forms (Hyland, 1996:168 – 169). We also cannot neglect the fact that “inter- and intra-relationships” between professionals, their colleagues and clients demand a high level of ethical and moral understanding...”(Hyland, 172). They need high-level teamwork and collegial collaboration in their professional life.

In literature, we can find some approaches that expand upon the specific needs for training of public service ethics. In central and eastern European countries, three more approaches have been launched and investigated.

Methods used in anti-corruption and professional ethics training, taking into account all the above-mentioned aspects of teaching ethics – theories, normative approach and attempts to change behaviour have been tried.

Hans Joachim Rieger describes methods worked out in Germany at the DBB Akademie and used in many central and eastern European countries. Rieger writes:

“...the training measures contain both cognitive and affective elements. On a cognitive level, it is important for members of all target groups to become aware of the causes and phenomenology of corruption as well as of the harmful effects of corruption on the State and society as a whole, social status, the credibility of the administration, and the economy... On an affective level, it is important for members of all target groups to put into practice the overall accepted ethics and standards for civil servants in their daily work.” (Rieger 2005)

During training, an important part is devoted to developing problem-solving skills. It is based on a role-playing game entitled “Dilemma Situations” (Rieger 2005).

Jos Delnoij and Frans Geraedts describe a training-practice which has, as its aim, improving integrity in government. They make the basic assumption that the independent moral judgment of a particular civil servant is the foundation of the integrity of governance (Delnoij 2006). Geraedts emphasises the belief that the practice of enforcing ethical behaviour without installing independent moral judgment and a moral learning process is fatally incomplete (Geraedts 2006). Training integrity in government is based upon analysing ethical concepts and arguments and investigating their validity through argumentation to act.

Howard Whitton offers a capacity-building strategy to develop ‘ethical competence’ using video-case studies. His approach is based on the assumption that ethical codes cannot prescribe actions for every possible case that might arise in the workplace. So it is necessary to develop the problem-solving capacity of every individual public official. The best way to do this is to use video case-scenarios (Whitton 2007).

In order to plan successful ethics training, it is necessary to take into account all possible effective methods.

Civil servant training in Estonia

One aim of the training system for the Estonian civil service is to ensure continuous conformity of knowledge, skills and behaviour of civil servants within the requirements set for their positions, the needs of institutions and the development needs of public service and public administration as a whole. Decentralisation is one of the

characteristics of public servant training. The majority of funding and the delivery of training is the responsibility of individual organisations. According to § 13 (5) in the Adult Education Act (1993), 2 – 4% of the payroll should be earmarked for training. Therefore the type of in-house training an individual organisation provides depends on the initiative of the HRM or training managers and the approval of top managers.

In the dissemination of training, an important part is devoted to the European Social Fund (ESF) measure 1.4 Enhancing Administrative Capacity. The general aim of the measure is to enhance the administrative capacity of the central government (including county governments), municipalities and associations of municipalities of Estonia. One of the sub-measures is dedicated to centrally managed training. Specific training subjects will be identified on the basis of the Annual Civil Service Training Priorities report prepared by the State Chancellery and adopted by the Government and on the basis of other important developments in public administration. Training priorities have been set annually since 2002. For the last two years, the training priorities have been: civil service ethics, human resources management, enhancing local government administrative capacity, policy and regulatory impact analysis, internal audit, strategic management and implementation of the Law on Public Procurement. Civil service ethics has been one of the training priorities since 2004.

Training ethics in the Estonian civil service

The development of the civil service ethics system is complementary to the general civil service system – decentralised with development and training devolved by individual organisations. We can observe tendencies in public service organisations whereby particular skills, connected with vocations are obtained and more attention is paid to the development of general skills. We can define ethics as a general skill. It does not directly affect the working process, but helps to fulfil the requirements for being a professional public servant. In ethics training, one key task is to guarantee similar standards across the public service sector and to raise ethical competence.

The State Chancellery, as the coordinating body for public service ethics, organises training courses and central training material development in ethics, organises an exchange of information and if necessary, initiates draft laws or amendments. With the help of financial support from the ESF it has been able to develop training materials and training for PSE.

In order to change a situation, it is good to know the expectations. In a survey describing ethical attitudes of Estonian civil servants (Lagerspetz et al 2005), one question was devoted to the need for ethical training. It was asked in a context where systematic and constant ethics training was absent. 68% of respondents in-

icated in their answers a need for the training. The largest group answered that training should contain theoretical as well as practical elements.

Table 1
Need for ethics training



Project preparations for creating training material began in 2005. A decision to adapt training material offered by OECD/ SIGMA was made. The reasons for this were the new and promising methodology (see above H. Whitton's approach) and the possibility of adapting the resource kit to local needs. The intended objective of the Public Sector Ethics Resource (PSER) Project was to assist Estonia in developing a comprehensive package of materials, which can be deployed primarily for public service capacity-building, training, self-directed learning, reference support, and public information.

During the course of the project, five meetings of the project's focus group took place with SIGMA's support and presence. The first session was mostly devoted to the introduction of the toolkit to the participants. During the following meetings, work was carried out on the training materials, in particular on the localisation of the resources and on the adjustments to the specific needs of the Estonian Government and Civil service vis-à-vis the resource toolkit. The meetings gathered participation from different governmental institutions and organisations, ministries, boards and inspectorates. In December 2005, the State Chancellery signed a contract with the Estonian Public Service Academy to coordinate the production of the public service ethics training material on CD. The CD was finalised in January 2006 and 200 resource kits were produced.

From the very beginning of the project, one of the key questions was how to find trainers in public service ethics. In Estonia, public sector ethics is a relatively new subject for both academic and non-academic audiences. During the process of creating the toolkit, expectations were that focus-group participants would train. Another hope was that after one-day PSER introduction training, participants would continue this training in their organisations. Introduction training courses were planned for 40 public servants. Interest in the material was enormous and we had to organise additional courses. Finally 87 individuals from different PS organisations participated in this course. Unfortunately, the willingness to become trainers did not correspond to the original enthusiasm.

The general aim of the training has been to introduce a theoretical background of professional, especially public service ethics and to teach practical skills to resolve professional ethical problems. In many cases, an understanding of ethics in PS is linked to a legal framework. Legal aspects should be explained and taken into account but this cannot be the only reference source for handling ethics in the public sphere. Other sources for normative behaviour are the different codes and norms. The third crossbar for ethics can be found in values and special attention has been paid to them. For example, how to identify values? What are core values in PS and why? During the course, training groups also analysed the results of a survey of values and attitudes in the Estonian public service. There have been discussions concerning what kinds of values are demanded in official documents and what kinds of values are actually held and are sets of values in laws and codes similar or different. An important part was also to analyse factors that influence creating norms in PSE – public administration systems, public service systems, democracy and its demands, definition of profession etc. Exploring the different sources for understanding public sector ethics provided an opportunity to analyse the “high road” and “low road” approaches described by John A Rohr (Rohr 1989).

In teaching problem solving skills in the public service, it was necessary to provide a theoretical background for the problem-solving scenarios. The main idea was that knowledge about ethics in the public service should help when exercising discretionary power. A major part of the training is devoted to case analyses by using training films (PSER) and also cases described by participants. This gives the trainees an opportunity to talk about different practices in organisations and point out the best practices. There are not many fixed ethical demands on Estonian PS. In the situation of the opened and decentralised system of PS in Estonia, it is important to raise the capacities and abilities of individual organisations in creating policies that would strengthen ethical behaviour in PS.

The Two-day public service ethics training began in September, 2006 with two trainers, working as a pair. One of them has a background in philosophy and she does the theoretical part of the training. The second trainer is a teacher in public administration and he does the practical problem-solving part of the training. In

this way, the theoretical and practical knowledge is embedded in the training process and the main structure of the training contains both theoretical and practical elements.

From October 2006 to February 2007, 8 training courses for 160 participants were planned – 20 persons to a group. Soon after registration began, groups were almost overbooked twice. It was necessary to make choices between potential participants. A key principle was to involve public servants from many different organisations.

Table 2
Participation in PS ethics trainings

	Number of participants
Ministries	15
Boards and inspectorates	103
Constitutional institutions	2
County governments	1
Other governmental institutions	31
Local governments	23
Sum:	175

In all training courses, satisfaction with the training was 100 % (according to EU Structural Fund measure 1.4 standards of training evaluation). As the main aim was to raise ethics competence and to help resolve discretionary dilemmas, it seems that training courses on the basis of PSER are fulfilling these expectations. Overall, the method and the structure of the PSER allow for constant improvements according to changed demands.

Conclusions

At the beginning of 2005, the situation with public service ethics training was at the stage of strategic planning. It was clear that training material for conducting training to raise awareness of ethical professional demands for public servants was needed. At the same time, OECD/ SIGMA introduced a new methodology for anti-corruption and integrity training. It seemed an appropriate tool for fulfilling the aim – to raise awareness and to train competent ethical decision-making. As a bonus, the case scenario-based methodology launched by SIGMA allowed public servants to see that the ethical dilemmas met in professional life are not something specific to Estonia. They are rather, specific for the role of the public servant or public official. Using the filmed examples provided an opportunity for public servants to experience an alternate way of learning.

The PSER training courses were not based only on the fixed resources. Trainers modified the subjects of discussions according to the needs of participants. About half of the time was devoted to more general – even philosophical – conversations about the purpose of a public service, about the role of politicians and the role of civil servants. In many feedback sessions, participants indicated that these conversations helped them to understand their own role and demands as a civil servant.

The popularity of the training courses generated a demand for more in-house training. An explicit and constant problem is the deficit of trainers. This is impeding the dispersion of training results. In general, there remains the question of how to encourage individual organisations to deal with professional ethics in the civil service. Even with the input of all the centrally organised public servants training, the rising demands for ethics training will not be covered. There is still a need for additional training. The material developed by this project is good training material for teaching public service ethics. Because of the effectiveness of the implemented training, demand for continuing open training and in-house training has been created. Our next task is to assure the continuity of public service ethics training courses.

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Factors of Success in the Reforms of Public Administration: The Case of E-government in Russia

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One of the public management development features of the last thirty years of the 20th century is its deep transformation and reinvention of the role of government and its basic inner characteristics. Besides being profound, the reforms of this period are universal and happened almost all over the world. The reasons for this were, on the one hand, the complicated social and political structures and international links, and on the other, the unprecedented dynamics of these processes. The state is a conservative system *a priori* and tries to attain stability instead of fast progress. It is a common phenomenon that the market is more flexible than the government. That is why public reforms and further development of the state machinery are universal tasks of the state, just as tax collection and defence are. However, at the end of the 20th century, the lag between state and economy exceeded the normal value and this became a real obstacle for further economic development and called for resolute activities from the government.

It is especially true for the region of Central and Eastern Europe. The last 20 years of Russian and East European states' history has been a story of reforms which affected almost all aspects of social life. Dissolution of the USSR, the motion of global influence centres and other changes actualised the questions of self-identity and development strategy choice. At the moment, some east European states are already members of the EU, whilst others wish to take part in the integration processes and adopt European values and standards of public management. There is a third group, with a centre in Russia, which has not yet determined its part in European integration. The fact that there is no fixed common opinion on this problem and also no clearly stated public management development strategy, leads to insufficient effectiveness of contemporary administrative reforms.

In this article we attempt to realise which factors influence the efficiency of the public sector and using this theoretical material, explain the reasons for a sub-

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optimal course of reforms in the Russian Federation. As an example of public sector reform we will look at e-government.

E-government in the context of public sector reforms

Widespread involvement of ICT became one of the public sector reform courses. It was evident that the development of e-government was associated with other reforms, such as transformation of the organisational structures and connections between public management institutions, re-engineering of the administrative processes and the introduction of result management etc. Many trustworthy scientists consider e-government to be not merely the involvement of computers in public management, but also a qualitative new level of public management modernisation, which was being given a stimulus by informational technologies. In the near future, no one will mention e-government, but the changes stimulated by it will affect the way government offers its services, how it apprehends itself and how the public offices are organised. E-government can be defined as a transformation of the interior and exterior relations of state organisations, based on the use of Internet and information and telecommunication technologies, in order to optimise the quality of services and increase involvement in the issues of public management and perfection of the internal processes. E-government is not just the introduction of a global informational system, but a transformation of the entire public management system. One of the main risks of introducing electronic government is an attempt to automate the existing administrative processes. It almost impossible to reach the key e-government goals i.e. increasing the transparency level (and thus decreasing corruption) and involving people in the development and realisation of the state policy. Simple automation of the operations is followed by a weak result, because we keep the total system inefficient while optimising only certain operations. Realising the fact that IT is only an instrument for transforming the administrative processes and that it cannot solve public management problems on its own is essential for the successful completion of e-government projects.

Success and failure factors of reforms

The scale of reforms that are taking place all over the world is very important. Proponents of reforms – both theorists and practitioners – suggest that a new type of government is being created. In spite of this optimistic view, tangible results of reforms and, in particular, reforms in the field of the e-government are rare. According to statistics, the rate of failure average 54% in all areas, whilst in the public sphere this rate is almost 80%. Often huge resources are allocated and wasted with no important positive result. Russian policy in the sphere of e-government is a very good example of the inefficient use of resources. In spite of the very important budget for the e-government program results of government performance – such

as ranking in international indexes of public administration quality, the level of corruption and the quality of public services – it decreases from year to year. Such a situation makes an analysis of the success and failure factors of reforms a crucial point for investigation.

Whilst considering the success factors of e-government reforms, most authors identify two factors:

- internal factors, such as necessary resources (financial, human, technical, time resources etc.), design and other characteristics of the e-government projects themselves, planning and implementation process and leadership;
- external factors, such as political support, readiness of the population and civil servants to move to on-line transactions etc.

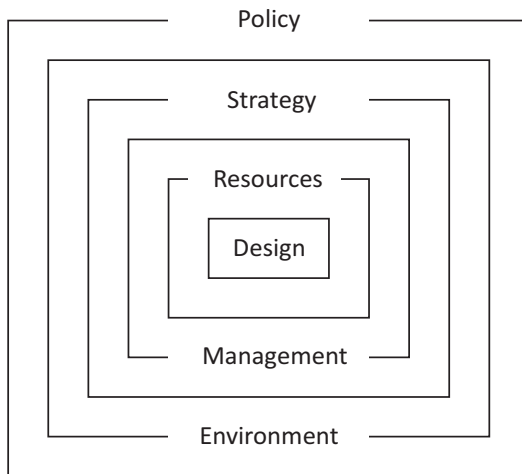
There exist numerous scientific and analytical papers devoted to a thorough investigation and analysis, as well as case-studies, illustrating the importance of these factors. An example of such an analysis can be found in the materials of the project “*e-Government for Development Information Exchange*” driven by R. Heeks. Among the critical success factors of the e-Government project, Heeks mentions:

- external pressure (drive for reform from outside government, e.g. from civil society);
- internal political desire (drive from key government officials for reform and for achievement of e-government goals);
- overall vision and strategy (overall vision and master plan for good governance and for e-government, identifying ‘where we want to get to’, seeing IT as the means, not the end, and integrating IT with broader reform objectives);
- effective project management (including clear responsibilities, good planning and consideration of risk, good monitoring and control, good organisation of resources, and well-managed partnerships between public agencies, and public-private);
- effective change management (including leadership with a project champion, use of incentives to create commitment to and ownership of an e-government project, and stakeholder involvement to build support and minimise resistance);
- effective design (an incremental/piloting approach with feasible objectives and quick, scalable outcomes; participatory involvement of all stakeholders, leading to designs that meet real user needs and match real user contexts);
- requisite competencies (presence of the necessary skills and knowledge, especially within government itself; need both management and IT skills and knowledge);
- adequate technological infrastructure [Heeks, 2003].

The first two factors designated as drivers relate to the external factors, whilst the others, designated as enablers, relate to internal factors.

Another vision of success factors can be based on the stage of e-government development. (1) At the Web Presence stage, the most important factors relate to the characteristics of the application itself (e.g. content, design etc.) and public awareness. (2) At the Interaction stage potential citizen benefits are brought to the forefront. (3 – 4) At the Transaction and Transformation stages, success depends mostly on the readiness of public servants themselves to change their attitudes and ways of operating and, especially, political leadership and strong commitment to change [Bhatnagar, 2004].

In a more systematic way, success factors of e-government can be presented as a 5-level construction according to their scale. At the lowest level are the 'design' factors that relate to the characteristics of the e-project itself, such as design, technical features, interface etc. Second-level factors, which are designated as 'resources', include equipment and infrastructure, financial resources and competencies of the staff necessary to realise an IT system. At this point we give up the technological factors and deal with more complex factors that relate to management and policy issues.



Third and fourth levels can be designated as managerial factors. They include project management and change management and relate to the quality of the implementation process. Adequate control (internal and external) is also a key issue at this stage, in order to avoid corruption practices in the process of e-government implementation. A separate group of factors relates to the strategic vision of the e-government. One of the strategic decisions to be made is choosing between the autonomous development of the project or borrowing experience from the most developed countries. It is evident that some positive and constructive experience

of e-government activity can be borrowed from other countries. It is necessary to differentiate between the various forms of borrowing. The first includes those technological achievements which have given a good account of themselves in the records of leading developed countries. The second group comprises administrative mechanisms and institutions which have been successfully tested and thoroughly examined before and as a result, they have proved to be able to stimulate a further extension of e-government. The third form includes a set of projects whose value has been assessed due to the existing experience of e-government in other countries. As far as the first form is concerned, practical experience has shown that the use of previously tested technological achievements may be reasonably justified. As for the second and the third groups, the situation is quite different and more complicated. The way to introduce and expand e-government policy depends heavily on the dominant and prevailing political system of a given state. For example, in Scandinavian countries, the rate of participation and involvement of the citizens in the process of decision-making is very high. Therefore, during the process of making decisions, the role of consultative committees is enormous. However, this form of government is absolutely unacceptable for Singapore, with its orientation towards a strictly hierarchical way of building relationships and its authoritarian style of decision-making.

Another point at the strategic level is establishing a clear and explicit correlation between e-government and other public sector reforms taking place in a country. It is most likely that we should take up the reforms as a complex reform system, which should increase public management effectiveness and the further development of democracy. At the same time, it is not only important that the government body is reformed, but also that this reformation is followed by the introduction of ICT, and not the other way round. In some way, IT consolidates the administrative processes, and therefore having no reform automation can lead to negative results. Empirical data over Europe confirms this: research by Euro Commission showed that the organisations which introduce IT after re-engineering are usually more successful than those organisations which try to perform re-engineering after automating the processes. It is sufficient to compare the differences in the costs of rendering those services by these organisations.

According to Euro Commission statistics, the majority of organisations followed the ineffective path, trying to introduce IT without transforming the organisational structure. The Momentum Research Group accounting for the end of 2004 shows that 21% of organisations performed re-engineering before introducing IT; 47% performed re-engineering as a response to IT introduction, and 27% of organisations had not changed their business processes, despite introducing IT (which shows the total absence of synergetic effect).

The last two groups of factors relate to the wider environment of the project, namely administrative (public servants), social, economic (society) and the politi-

cal environment. Readiness of public servants to adopt ICTs and to change their ways of operating is crucial to the success of any e-project. Another group of factors includes the social and economic characteristics of a society (e-readiness is a key indicator) and reflect the demand side of e-government. The last level factors, designed as political, characterise the political support of the project, a strong commitment to carry out the reform and e-championship. The specific situation of the developing countries is political instability which is a clear failure factor and should be overcome while implementing e-government.

Thus, we identified 6 groups of factors which relate to the technology, management and environment of e-government. We will attempt to understand, on this theoretical basis, the reasons for sub-optimal development of e-government in Russia.

Development of e-government in Russia

Whilst speaking about e-government in Russia, one should bear in mind several peculiarities that influence this process. First, e-government and other reforms of public sector are linked to the creation of a new government, deep crisis attitudes and values. Nowadays, Russia is still hesitating between several ways of development and it makes the political course extremely difficult. The second peculiarity which we wished to stress is the general characteristic that makes e-government realisation a very challenging task. The huge territory, poor population, great differentiation between regions and social groups in terms of incomes and computer literacy are also factors that complicate e-government realisation. Another factor is the complex structure of Russian government, which has 3 levels: federal, regional and local. Hence, design and implementation of e-government projects in Russia reflect the necessary compromise between the autonomy of sub-federal levels of government and the need to realise a unique “umbrella” information system.

Systematic attempts of introduction of ICT in the Russian political systems began relatively recently with the signature, in 2000, of the Okinawa Charter. Normative securing of ICT is a base value for the state. This securing became the Federal Grant Program “e-Russia” for the years 2002 – 2010.

The further impulse for development of ICT in public management was brought by the Government resolution of 12th February, 2003: “Supplying access to information about the activities of Government”. It includes a list of information types that have to be published by the federal executive agencies. This list includes texts of the standard acts projects, public purchases etc.

Like any other Federal Grant Program (FGP) “e-Russia” is seen as an instrument for the solution of systems’ problems and computerising government in particular. Russia, as the Charter signatory, has taken on the responsibility to promote info-communication technologies (ICT) initiatives and bridge the digital gap which

is likely to enhance the current social and economic inequality. Russia is facing two controversial problems.

- On the one hand, the ICT sector has come to play a more significant role in this country's economy and politics. Russia's mainstream information channels are seen as part of the global info-communication circuit.
- On the other hand, Russia is lacking the driving force for ICT development, i.e. trans-national manufacturers of info-communication products, services and solutions that urge the other G8 governments to make ICT global implementation their first priority.

During the period 2002 – 2006 there were over a hundred e-government projects performed by the Economic Ministry. The main courses were:

1. Architecture – working out the principles and architecture of e-government, its components, standard acts and regulating papers. An e-state should provide a full range of e-services to its citizens.
2. Pilot projects at e-administrative regulations and joint public informational resources – the development and introduction of informational systems at the base of architecture, standards and methodology of the e-state. The main task of this project group is to approbate and work through the architectural and methodological principles, e-government standards and work out suggestions on how to perfect these principles and standards.
3. State offices portals – developing a standard “State office portal” in order to provide transparency of the public organisations, informational services, to optimise the interaction between citizens and state and the interdepartmental interaction.
4. Pilot projects for the decision-making system – the development of and introduction to this system, in order to manage the regions and local communities on the basis of the principles and architecture of the e-state. The main goal is to test and perfect the existing architectural principles and create duplicable decisions for an e-state.
5. Infrastructural projects – creation of the necessary ICT-infrastructure for performing the pilot projects.
6. E-trade for public purchases – developing a custom solution for automating the public purchase system and introducing it at the federal, regional and local levels. The goal is to simplify participation at the public purchases contests, reduce the time and money costs for performing these purchases.

The Russian Government realises the importance of IT for improving public management efficiency. We can prove this by showing the dynamics of spending to introduce ICT in public organisations. Spending increased by 5 times during 2002 to 2005, amounting to 1.8 billion roubles more. Every year there over \$1000 is spent on the informatisation of every public officer. At the same time, the world indexes of

public management quality show the opposite situation: the GRICS index fell from 31.5 in 1998 to 30.5 in 2004 and the Corruption perception index Transparency international put Russia in 121st place as opposed to 76th place in 1998.

What are the reasons for such an ineffective use of available resources? Returning to the main success factors, identified in the first part of the paper, one should mention that technical factors are rather favourable in Russia. The IT budget of Russia is sufficient to carry out at least the basic projects of e-government. The level of technical readiness depends on the governmental body, but in general, can be characterised as sufficient. In our opinion, the main problems lie in the field of management, strategy and environment. At the level of operational management, poor control and management leads to corruption practices or to the inefficient use of resources occurring everywhere. More generally, there is a clear lack of strategic vision of reforms in general. Each public authority/region operates as a separate entity and the level of e-government realisation depends mostly on the particular staff in charge of this area. For example, in the administration of Orlovskaya oblast, one of the regions of the central area of Russia, the e-government and PR-department consist of 4 workers, while in Tatarstan or Tchuvashia there are several dozen. In the Ministry for Public Health and Social Development, internal information flows are based on floppy disks, whilst in the Ministry for Economic Development and Trade, a system of digital documents and signatures is used. Therefore, e-government projects at the federal level, at the moment, are not connected and do not form a system. It is particularly true when we look at the wider frame of public sector reforms – administrative reform, reform of public service etc. It is, however, necessary to mention that the political leaders of Russia also understand the correlation between the e-government and other reforms. Thus, one of the main goals of the FGP “e-Russia” is to synchronise this with the other administrative reforms and the introduction of e-government is increasingly considered to be an institutional reform. As mentioned by Ts. V. Tserenov, responsible for the e-government projects realised by the Ministry for Economic Development and Trade, one of the main reasons for the ineffectiveness of spending for e-government is that ICT backs up the existing bureaucracy processes instead of stimulating them to change towards transparent and regulated effective activities and create optimal conditions for effective, and supported by the public solution of, the social and economic tasks.

Probably we can identify two main management problems in e-government in Russia. The first is the lack of an IT champion – a person or an organisation – such as OMB in USA, Tekes and Sitra in Finland and IDA in Singapore. At the federal level in Russia there are two main ministries responsible for the FGP “e-Russia”. The lack of coordination between them, continuous disputes for resources and control over the program led to the inefficient realisation of the project and the lack of responsibility for poor use of resources. The second major problem, in our opinion, consists of political instability, a continuous change of political course and priorities that make it impossible to realise long-term projects, including e-government.

At the same time, there is a positive trend in e-government development that relates to the sub-federal levels of governance, namely the regional level. In many aspects, regions represent nowadays the core level of government, due to the relative homogeneity of the economic and social situation, citizen proximity and the necessary financial independence. Here again, we see that the situation differentiates dramatically from one region to another, but we already have a dozen regions that have realised basic interactive e-government projects and which are moving towards the transaction stage and realising e-services, such as tax payments (Tchuvashia), electronic ID-cards (Samarskaya oblast), e-procurement (Belgorodskaya oblast, Mordovia), GIS (Nizhegorodskaya oblast) and others.

Conclusion

Analysis of the success factors in e-government realisation allows us to differentiate three main groups of factors: technical (design and resources), managerial (management and strategy) and environmental (social, economical and political environment). At the different stages of e-government realisation, various factors come to the forefront, but the general tendency is that for this complex project, managerial and political factors are of major importance. The case of e-government in Russia shows that the reasons for the sub-optimal use of available resources in the process of e-government realisation relate to the peculiarities of the current political and socio-economic situation and to the poor management of the project at the federal level. Several successful regional projects also confirm this hypothesis, as the level of e-government development depends not merely on the economic basis and good IT-infrastructure, but on the political will and strong commitment of the regional governor. Regional government nowadays is the place to increase e-government in Russia and it is at this level that the main emphasis should be placed.

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Local Public Services Delivery Arrangements – Evidence from the Czech Republic

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Abstract

The goal of our paper is to present a set of analytical data connected with local public services and their delivery arrangements, focusing on contracting out. The brief theoretical part of this paper shortly highlights theoretical issues of local public service delivery and new alternative public service delivery arrangements. The analytical part provides selected data on forms of delivery and the ways of selection of an external supplier, including comparisons with similar research data from Slovakia.

This study uses a positive approach to investigate the research issue. The study analyses the original collected survey data from our own research project No. 402/05/2644 supported by the Czech Scientific Foundation. A survey was conducted for each of the selected local public services to collect data on the structure of forms of delivery of service; the decision-making processes, concerning the selection of the delivery form and in case of external delivery, the way/system used to select the external supplier.

The delivery of local public services by an external supplier or municipal firm is a frequently used solution. However, the selection of supplier is realised in many cases with no competition, via direct award, resulting in non-transparency and bringing inefficiency risks.

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The final part of our paper provides our opinion on the reasons for such a situation and formulates various recommendations.

Key words: Public Service, Delivery Arrangements, New Public Management, Czech Republic, Slovakia.

Introduction

Public sector transformation is basically a social and economic reform and its implementation. The objectives of public sector reform also include the operational rationalisation of institutions providing a public service i.e. the selection of tasks which need to be performed by the government, ensuring rational, economic, professional, and modern operation without superfluous bureaucracy, whilst at the same time promoting alternative methods of public and social service delivery aimed at increasing efficiency, effectiveness, economy and quality of providing public services. Such public management reforms are undertaken at all levels of government, including the local government level.

“To make or buy” is a question faced by local government when considering how public services should be delivered to their citizens. Local government must decide whether to produce goods and services internally or to acquire them from external sources, to apply alternative service delivery arrangements. The delivery form of a public service, which is suitably chosen to reflect the economic character of the service and specific condition in which services are provided, can influence service delivery economy (service delivery cost minimalisation), efficiency (maximal benefits with given cost of service delivery) and also service delivery effectiveness and quality. The alternative public service delivery arrangements in the public sector can be effective methods of public service delivery. However, it is necessary to create some basic conditions for its development connected with the economic, legal and institutional environment.

The importance of this problem can be documented by the following data. The public costs of public services delivery in the Czech Republic are 14.3 billion Euros per annum. The central government spends on this item about 5.6 % of GDP and local governments more than 6 % of GDP. Increasing the efficiency of the process by 10 % would mean savings of about 1.4 billion Euros yearly, making them available for other important public needs. For example, total public spending in the Czech Republic for research amounted to 0.2 billion Euros and for university education 0.7 billion Euros in 2006.

1. Theoretical Background

According to the theoretical paradigm of decentralisation (see, Tiebout, 1956; Musgrave, 1969; Oates, 1998) and the market failure paradigm (Asch, 1985; Bower, 1995; Cullis – Jones, 1987; Stiglitz, 1988; Wolf, 1988) providing local public goods and services can be involved with the roles and functions of local government. The significance of public goods as a source of market failure derives from the inability of private markets to deliver public goods due to their peculiar economic characteristics.

In general, public goods may be distinguished from private goods on two main counts (see for example Samuelson, 1954, p. 387). First, public goods are said to be non-rival in consumption and secondly, non-excludable in consumption. That is, one person's consumption does not reduce the availability of the good for consumption by others and producers of the good are technologically, politically and/or economically unable to prevent individuals from consuming the good (the problem of 'free-riding').

In brief, these economic characteristics mean that the public good cannot be provided through markets. Public goods are provided by government. The local government responsibility for determining the optimal quantities of local public goods should be assigned to some tier of government in a federation. According to Oates' correspondence principle (1972), the appropriate jurisdictional level will depend on the 'localness' of the public good in question: that is, if the benefits fall primarily within the jurisdiction of a given local government, then it should be assigned responsibility for providing the good. The designated local government has to decide on the optimal quantity and quality of a specific public good to provide. Given the difficulties involved in the application of the Pigouvian Rule (1960), in practice, the municipal political processes must determine optimum outcome. This usually means local government electors vote for candidates advocating their own desired mix of local public goods, although in some cases, local government referenda may be held to determine popular sentiment on specific projects. However, in this paper we do not wish to focus on determining the optimum outcome of local public goods. When municipal politicians have decided on the quantity of public goods, the question still remains of how best to provide the requisite public goods and this is also a key question in our paper. Various options can be canvassed. For instance, local governments can, and often do, both finance and produce the services themselves – internalising public goods' production. Alternatively, municipalities can finance provision but private companies can produce the service.

Governments at all levels have increasingly turned from operating as direct service providers to relying on a host of other actors – non-profit organisations, private firms, neighbourhood associations, volunteers and other governments (alternative service delivery arrangements, ASDA) – to deliver or assist in delivering

what are traditionally thought of as public services and functions (Kettl, 1993). The implementation of ASDA is connected with new approaches to the management of the public sector and marketisation of public services. There is a substantive agreement on the theoretical issues involving the public sector management reform and governance. It can be identified, in accordance with most of the new public management academics (Pollitt, 2000; Hood, 1999; Aucoin, 1998; Bouckaert, 2000; Lane, 2000; Walsh, 1995), two schools of thought – namely economics rationalism and managerialism. Generally, a major feature of the new public management (NPM) is the introduction of market-type mechanisms (MTM) to the running of public service organisations: the marketisation of the public service. Marketisation of public services aims to continuously increase public expenditure efficiency, continuous improvements in public services' quality, implementation of the professional management tools in the public sector, emphasis on devolution and delegation, emphasis on audit and inspection and last, but not least, a plurality system of ownership forms in public service delivery and emphasis on contracts and market.

The most prevalent type of alternative service delivery arrangements, mainly at the local government level, is contracting public services with private for-profit and non-profit firms.

Contracting for services begins with the 'organizational decision to make or buy a good or service' (Prager, 1994, p.176). As such, it is a fundamental decision faced by both public and private sector organisations. "To make or buy?" is a question faced by local government when considering how public services should be delivered to their citizens. Local government must decide whether to produce goods and services internally (own employees, budgetary organisations or companies) or to acquire them from external sources – contract-out public service (non-profit organisations, private firms and other public organisations). Governments may choose service delivery forms in response to key features of the services themselves (see e.g. Ferris and Grady, 1996).

Research on service delivery alternatives is extensive and growing (Cooper, 2003; Hirsch, 1991; Chamberlin – Jackson, 1987; Nemec, 2002; Prager, 1994). Many research studies examine governments' decisions to pursue alternatives to direct service provision and internalising public service production. A range of important factors influence how governments deliver services, including political forces, fiscal pressures, bureaucratic routines, and growth demands (Ferris, 1996; Hirsch, 1991).

However, contracting for public service delivery has tremendous promise for improving the quality and efficiency of government performance. Competitive markets may enhance efficiency, but research supporting savings from contracting (Savas, 1987; Engelbeck, 2004; Epstein, 1984).

Under this arrangement, the 'government retains responsibility for provision of the service but hires private firms to produce the service' (Nemec, 2002, p. 14).

Contracting in a narrower sense represents at least the following possible processes:

- Contracting of the delivery/production of the entire service to one or more private or non-profit organisation, within a given area.
- Contracting of the delivery/production of a part of the respective service to the private or non-profit sector (situation similar to internal market occurs, with pluralistic system of all types of producers competing for contracts).
- Contracting/contracting-out support services within public organisations (cleaning, catering, information technology, etc.), including contracting between internal units and for respective working positions within the office (Nemec, 2002, p.14).

Contracting local public services can also be explained as a binding agreement in which a local government pays a private firm or non-profit organisation to provide a specific level and quality of public service. Citizens, as customers, through their taxes or user fees, pay the government, which in turn pays the contractor. According to Savas (1987, p. 88), since the provision function is retained by government, contracting represents a conservative approach in terms of an increasing role for the private sector.

Although there is evidence of a positive impact of contracting public service on service quality and efficiency, there are also researches suggesting that the benefits of contracting may be overstated (Ferris and Graddy, 1996). Contracting public services carries substantial risks for waste, fraud, or poor service. In the contracting process, public managers must decide whether a service is appropriate for contracting, select a suitable vendor (in accordance with legislative and ethic of public procurement), and still manage the service delivery process, to some degree, after the contract has been awarded. The complexity of these tasks may partially explain the uneven success contracting has had in delivering on its promises (Hirsch, 1991), providing ammunition for contracting critics' arguments that public managers have not always been deliberate and systematic in managing the contracting process (Kettl, 1993).

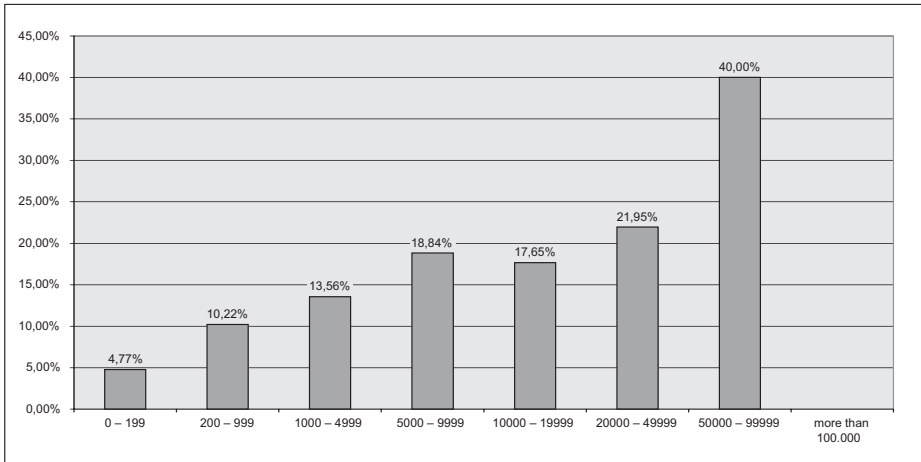
2. Research Methodology

The following part of the paper is based on data from our field research on local public services delivery in the Czech Republic.

Data for our research were collected via questionnaires, distributed in two forms – by e-mail (6052 municipalities, two rounds) and by ordinary mail (150 municipalities, one round). Unfortunately, the second round rate of return of questionnaires was negatively influenced by communal elections.

Figure 1

The rate of return of questionnaires according to size categories of municipalities



Source: Czech Statistical Office, 2007 (data on number of municipalities in the Czech Republic), own calculations

As indicated, in 2006, we contacted 6,202 municipalities from a total number of 6,248 (CSO, 2007). We did not include 17 statutory cities⁴ that will be contacted later by direct interviews. We were not able to send questionnaires to 29 municipalities, as it was impossible to find any contact address. We received 607 answers. This sample represents sufficient statistical base for a random selection research method.

We weighted our results by weighting parameters (number of municipalities of a respective size/total number of municipalities in the Czech Republic), to respond to different numbers of municipalities and their responses in selected size categories. Some municipalities did not provide answers to all the questions; this fact is respected in the evaluation.

We focused only on selected communal services:

1. Waste management (code 3722),
2. Management of cemeteries (3632),
3. Public green (code 3745),
4. Local communications (code 221),
5. Public lighting (code 3631),

4 Our selection was based on the list of statutory cities valid for 1. 1. 2003 including **Brno, Ceske Budejovice, Havirov, Hradec Kralove, Jihlava, Karlovy Vary, Kladno, Liberec, Most, Olomouc, Opava, Ostrava, Pardubice, Plzen, Usti nad Labem, Zlin** and capital **Praha**. As of today this list was extended also by **Decin, Frydek-Mistek, Chomutov, Karvina, Mlada Boleslav, Prerov** a **Teplice**.

6. Cleaning of sewage water (code 232).

3. Research Findings

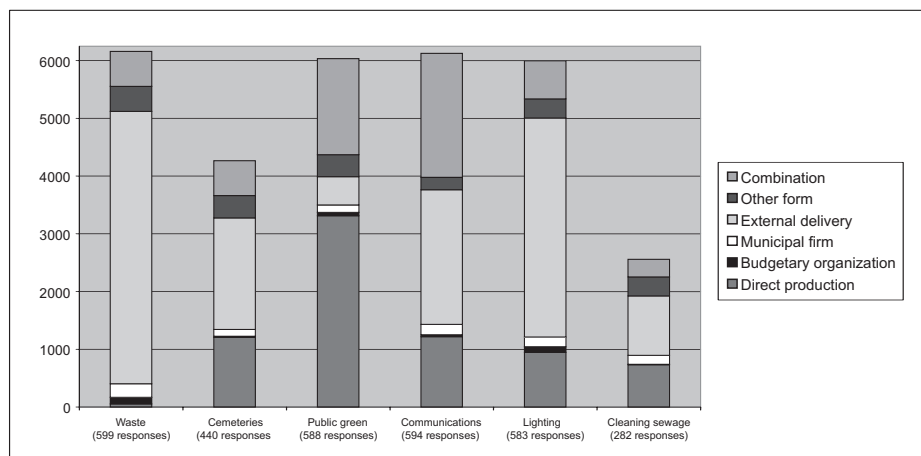
3.1 Forms of delivery of selected services

We decided to define the following categories of local public services delivery arrangements for the purposes of our research:

1. Direct production by the municipality and its employees.
2. Municipal net budgetary organisations.
3. Municipal firm (firms with more than 50% municipal share included).
4. External supplier.
5. Combination of four given alternatives.
6. Other forms.

Alternatives 1 – 3 represent, for us, internal forms of delivery. If the reply was 5 or 6, the base of allocation to internal or external forms was a higher financial amount of resources spent by one of the alternatives. The main form of combination (5) was the partial use of a municipal firm and of an external supplier (96% of cases). Other forms (6) discovered were gross budgetary organisations (6.1), municipal firms with less than 50% share (6.2) and “verejno-prospesne prace” (activation of unemployed persons in the municipality – 6.3).

Figure 2
Forms of delivery of selected services



Note: Axis y = number of municipalities in the Czech Republic. Extrapolation of findings in all Czech municipalities is based on a sample questionnaire query.

Source: own calculations, 2007.

The figure clearly shows that external forms of delivery dominate in all selected services except that of public greens with dominant direct production. Direct production is an important form also for the management of cemeteries, local communications and public lighting. Combinations are frequently used for local communication and for public greens, for 96% of cases of external delivery, municipal firms were involved.

Smaller municipalities below 5,000 inhabitants frequently use direct production and external contracts; larger municipalities rely on municipal firms.

3.2 Selection of external supplier

External delivery of public services is characterised by several relations between all partners involved, mainly between (Péteri, 1996; Merickova, 2003):

1. The body providing finance (public budget, non-profit or private organisation).
2. The body responsible for the service (normally a municipality).
3. The body responsible for production of a service (public, private or non-profit body).

4. Consumer

According to valid legislation, the external supplier shall be selected according to the provision of a valid public procurement law – PPL (the Czech PPL was changed several times during the last 15 years; the last version is PPL 137/2006 that has more than 90 pages and is too complicated for “small users” and unclear in its language). In connection with this, we would also like to mention that in spite of the fact we allocate municipal firms in the internal delivery forms, according to the decision of the European Court of Justice, awarding of delivery of services to the municipal firms shall also be in an important range, based on competition principles (see more Pavel, 2007).

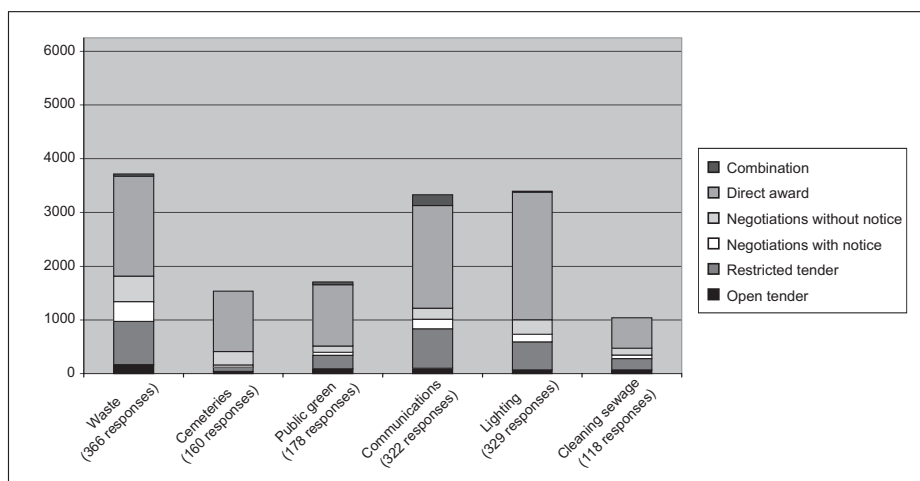
We tried to discover how the external suppliers (main external supplier in the case of more than one service) are selected. The following alternatives were provided as possible answers:

1. Open tender.
2. Restricted tender.
3. Negotiations with notice.
4. Negotiations without notice.
5. Direct award.

In many cases, municipalities did not answer this question, in spite of the fact that they indicated that the service was produced externally (from 24% in the case of

public greens to 41% in the case of cemeteries). To calculate the results, we excluded municipalities not delivering the service, and then we focused on municipalities delivering the service by municipal firms, external contract or by combinations of all (Figure 3).

Figure 3
Selection of the external supplier



Note: Axis y = number of municipalities in the Czech Republic. Extrapolation of findings to all Czech municipalities is based on sample questionnaire query.

Source: own calculations, 2007.

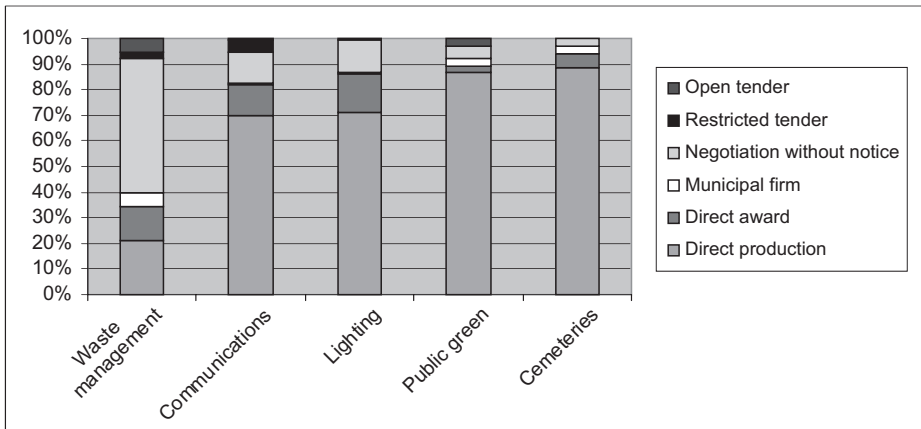
As can be seen from Figure 3, the dominant form of selection of external supplier is by direct non-competitive award. Other frequent forms are negotiations without notice (in reality also direct award) and restricted tender. These are not positive findings, because according to the rules of the Czech PPL, the most frequent forms shall be open tender, restricted tender and may also be negotiations with notice. Pavel (2006) clearly showed that already municipalities with more than 5,000 inhabitants spend, for the respective services, above the Czech PPL limit for “small procurement”, thus standard procedures shall be used. Only small municipalities have the right to use simplified methods (however, the services are repeated every year and this fact “calls” for the use of standard methods). In most cases, municipalities with more than 20,000 inhabitants shall follow EU directives.

In reality almost all small municipalities use non-competitive forms. The proportion of competitive awards rises with the size of the municipality, but not in sufficient scale, contradicting the legal requirements.

3.3 Comparison with the Slovak Republic

The research data obtained by Pavel (2007) indicate that internal forms in Slovakia are a more frequent solution compared to the Czech Republic, and stress the fact that the frequency of use of municipal firms is much higher in the Czech Republic (Czech municipal firms were dominantly established by privatisation of former communal services organisations). In the Czech Republic, some municipal firms have to participate in tenders for respective service deliveries; this has not yet happened in Slovakia. Because municipal firms are not a very frequent form in Slovakia, the proportion of external forms of delivery is higher than in the Czech Republic. Problems with awarding of contracts to external suppliers are similar and in Slovakia, non-competitive forms also prevail, and negotiations without notice are very frequent and also used in situations where this is not allowed by the Slovak PPL.

Figure 4
Selection of the external supplier



Source: Pavel, 2007, own calculations.

4 Conclusions

In this part we summarise our main research findings concerning the structure of forms of delivery and selection of external suppliers and try to explain them.

Finding 1: For all selected services (except that of public greens) external forms of delivery prevail.

Possible explanations:

1. The reason for the high number of external contracts might be the privatisation of former public communal services establishments. Such privatised bodies still maintain their monopolistic position on the local market.
2. In the case of services with the necessary large investments to create production capacity – capital intensive services (communications, waste management, public lighting etc) – the use of external suppliers is much more effective, especially for smaller municipalities (economies of scale, seasonal work). This is very much visible for the case of waste management services, where external contracts and combinations represent more than 85% of the solutions.
3. Some services are delivered in a situation of very limited, or almost non-existent, competition on local markets, but in spite of this fact, it is not effective for the municipality to invest in its own arrangements – this problem is again connected with capital intensive services, such as waste management and public lighting.
4. Some services delivery might be influenced by the factor of so-called “path dependency”, when traditions and former historical arrangements limit the capacity of local politicians and bureaucrats to be able to change and switch from traditional forms of delivery – this might be one of the reasons for the relatively high proportion of internal arrangements for public greens.
5. New phenomena of “activating works” for the unemployed, supported by the central government, might be another reason for the use of own capacities, especially in the public green area.
6. “Strategic interest” issue may influence the selection of a delivery form, for example in the area of sewage cleaning and communications, where internal forms are relatively frequent.
7. “Political interest and attitudes” may also play an important role in the decision-making processes. Local parties and coalitions have their attitudes and norms which are followed by concrete decisions.
8. “Informal relations” and the “shadow economy” cannot be omitted either. Local politicians and bureaucrats have their relatives, contacts and private interests, which may influence the decision-making process, involving large risks (inefficiencies, corruption).
9. Inefficiencies might be also the result of the existence of local monopolies.

Finding 2: The dominant form of the selection of an external supplier is the direct award. Other non-competitive forms are also too frequent.

Possible explanations:

1. Municipalities may intentionally not complain to the Czech PPL.
2. Municipalities may unintentionally break the rules of the Czech PPL, as they do not have the capacities to follow the legal requirements.
3. Municipalities may unintentionally break the rules of the Czech PPL, as they do not have the capacities to follow the too complicated provisions; law compliance would be too costly for them.

5 Recommendations

Our research findings clearly indicate that further investigations of processes of direct and non-competitive awards and their consequences are necessary. Such research may bring new information as to the reasons for such behaviour and also about their outcomes and impacts.

The second area for extended research is the involvement of municipal firms in the local services delivery processes. As a new EU member, the Czech Republic should respect EU legislation above EU directives limits, but this is not always the case. National legislation and practices may be different from EU rules, with risks of major conflicts, court cases and subsequent fines.

Solutions for this situation might be increased transparency and effectiveness, implementation of regular testing of all existing arrangements of public service delivery (CTC) and implementation of accrual accounting in the public sector.

Abbreviations

CSO = Czech Statistical Office

PPL = Public Procurement Law

EU = European Union

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The System of National Self-government of the Crimean Tatars as Social and Political Phenomenon in Modern Ukraine¹

Rustem M. Ablyatifov²

Background information

In the 15th and 18th centuries the Crimean Tatars had their own state – Crimean Khanate. The Crimea was annexed by the Russian empire in 1793. As a result of the colonial policy of Russia, the native population decreased from 98 % to 20 % in 1939 (deaths during the wars in the Crimea, deprivation of their lands by the Russian empire, forced emigration overseas and repression at the time of Soviet collectivisation of agriculture). The Soviet power was established in the Crimea in 1921, with the creation of the Crimean Autonomous Soviet Socialist Republic, part of Soviet Russia. Although this autonomy had limited powers, it had an ethnic and territorial character. In 1921, the conception of “**korenizatsiya**” (roots), i.e. to solve the ethnic issue by way of creating ethnic and public and ethnic and territorial entities of different levels was dominant in the USSR. The opportunities of native languages and cultural development and the increase of representation of ethnic cadres in bodies of power were provided for within these entities. Such policy was also carried out in the Crimea. Crimean Tatar language was recognised as an official language together with Russian. Crimean Tatar national symbols were present at the state symbolism of the Republic. The ethnic principle was based on the administrative division of autonomy. The 15 rayons of the Crimea were created in 1921; the 145 Crimean Tatar rural districts and 5 Crimean Tatar rayons were created in 1930 and the 102 Russian, 29 German, 7 Bulgarian, 5 Greek, 1 Armenian, 1 Estonian and 54 mixed rural districts functioned in parallel in the Crimea.

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In 1944, the Crimean Tatars were accused of having collaborated with Nazi Germany and were forcibly deported to Central Asia and Siberia. Two years of illness, starvation and slave labour had wiped out more than 46 % of the deported Crimean Tatars. The new settlers moving to the peninsula were mostly ethnic Russians. Soon afterwards, the Crimean Tatars were deported, the necessity for autonomy had disappeared and the Crimea became an ordinary oblast' (region) in 1946.

In 1954, the Crimean oblast was officially transferred from Russia to the Ukrainian Soviet Republic. The mass return of the Crimean Tatar people to their homeland became possible from the late 1980s, during the period of liberalisation of the Soviet political regime.

The collapse of the USSR and the establishment of the Ukrainian independent states had a major impact on the process of return and settlement of the Crimean Tatars. It was of the utmost importance that independent Ukraine unambiguously stood in support of the return of the deported Crimean Tatars and other ethnic groups to their historic homeland. This open position of Ukraine not only ruled out the possibility of any conflicts between native people and the state, but also made people loyal to the idea of an independent Ukrainian state.

The Autonomous Republic of the Crimea (ARC) was created to its current status as an integral part of Ukraine in 1991. It was created as a solution to the demands of the Crimean Tatar People who were returning to their historical Motherland from deportation. However, autonomy was created as a territorial entity for Russian speakers and the interests of the Crimean Tatars were ignored.

The problem faced by the 270, 000-strong Crimean Tatar community is complex and multi-faceted, including social and economic, cultural and political and legal issues. Economically, the Crimean Tatars are in a destitute situation, even in relation to Crimea's economy. But, apart from social and economical problems where the solution requires financial help, there are a number of political and legal problems associated with the Crimean Tatars' return to Ukraine where the solution is not a matter of money, but of law and politics. Among the political and legal problems most often stressed by the Crimean Tatars leaders are: a need for a legal mechanism to guarantee Crimean Tatar representation in Crimean and Ukrainian bodies of power; official recognition of the Crimean Tatar People Majlis (body elected by the Crimean Tatar People Kurultay (National Congress)) as a representative body of the Crimean Tatar People; official recognition of the Crimean Tatar People as an indigenous people of the Crimea and Ukraine, rather than a national minority and the recognition of the Crimean Tatar language as one of the official languages of the Autonomous Republic of Crimea.

1. The Crimean Tatar National Movement

Paradoxically, this fact indirectly testifies to the recognition of the Crimean Tatars as a nation, by then the USSR's rulers. Genocide actually contributed to the Crimean Tatars' greater consolidation, as a nation that is persecuted.

Under the forced exile conditions (most of them were deported to Uzbekistan), they were banned from leaving their places of settlement, and any violations entailed criminal prosecution.

Even after the totalitarian regime, it somewhat weakened its tight grip with the 1956 Edict by the USSR Supreme Soviet Presidium "On Withdrawing the Restrictions in Regard to the Crimean Tatars' Special Settlement," declaring as "inexpedient" the further detention of the Crimean Tatars in the special settlements. Nevertheless, the ban remained with regard to their return to Crimea, and no compensation was provided for loss of the property.

The restrictions themselves fixed the Crimean Tatars' integrity as a people, preventing them from being eroded and mixed with the local population.

When an ethnic group is placed under exceptional conditions, either in a favoured position (as, for instance, the Russians) or in a discriminated position, i.e. when it is politically alienated from the general environment, then the process of national consolidation inevitably intensifies. The ethnic entity begins searching for political mechanisms to safeguard its rights, and accordingly a national self-consciousness is formed. In the 1960s to 1980s, the Crimean Tatar national movement emerged, which triggered persecutions by the authorities, and thus a new strengthening of the consolidation processes.

The first massive protest actions in the areas where the Crimean Tatars resided, were held during the celebrations marking the 45th anniversary of the Crimean Autonomous Republic's establishment. In September 1967, activists of the Crimean Tatar movement convened a clandestine congress in Leninabad, Tajikistan. The movement's leaders established contact with liberal intellectuals, who supported the movement of human rights advocacy and, through them, with the global community. As a result, the Edict was adopted by the USSR Supreme Soviet Presidium in 1967, which generally rehabilitated the Crimean Tatar people, though their right to return to Crimea was kept quiet.

Thus, the policy of non-violent political protests, adopted by the Crimean Tatar national movement in 1956, was, to a large degree, based on the elimination of other options. During the first years of the post-Stalinist period, the prevailing strategy of the Crimean Tatars was to attract the attention of the Party and state leaders by flooding them with a steady stream of petitions. In the 1960s, these petitions underwent a significant transformation, changing their tone from begging, to making, political demands. At this stage, commitment to legality became the

central feature of the Crimean Tatar movement. However, the Crimean Tatar understanding of legality differed markedly from that underlying the Soviet justice system. Despite being acutely aware of the fictional nature of the latter, the Crimean Tatars were determined to use the system to their advantage: as both a shield and a weapon to defend their rights. The huge petition campaigns of the late 1950s and the 1960s were, in fact, based on “Lenin’s” interpretation of the law. Petitions contained countless references to Lenin’s works and repeatedly pointed to the Crimean Autonomous Republic (established in 1921) as the “right” and “just” solution to the Crimean Tatar problem. The number of signatures collected under these petitions was outstanding. For example, over 120,000 signatures were collected under one single petition addressed to the XXIII Congress of the Communist Party in 1966. However, the number of signatures tended to go up and down depending on the intensity of the repression of activists.

In the so-called Perestroika years, when the totalitarian regime’s pressure significantly eased, a new tide of the Crimean Tatar movement came about. The Crimean Tatars’ demonstration in Moscow on June 20, 1987 evoked compassion and caused wide resonance in the State. The Soviet State’s leaders began to deal with the Crimean Tatar problems as being a worry for the Soviet Union’s international image.

In November 1989, the USSR Supreme Soviet adopted the Declaration “On Recognising as Illegal and Criminal the Reprisal Acts against the Peoples Subjected to Forcible Deportation and On Securing Their Rights.” The Crimean Oblast’s Soviet Executive Committee adopted a resolution to allot 8,400 land lots to the Crimean Tatars. It was from then that the massive, but poorly controlled, process of the resettlement of thousands of Crimean Tatars returning to Ukraine’s Crimean Region began.

The demand for implementation of the Crimean Tatars’ right to return to Crimea was the paramount consolidating idea that the emerging Crimean Tatar political elite was armed with. The issue was raised in regard to the return of the people, not separate social groups, who had survived the 1944 victimisation and subsequent period of exile.

The idea of “returning” was, in fact, the Crimean Tatars’ response to the challenge to their historical existence as a people; a response to the act of genocide and subsequent reprisals, mirroring the people’s strife to preserve their dignity and significance, all of which was impossible to materialise outside the Crimean context.

2. The Kurultay and Majlis system

As a result of the consolidation and need for more coordinated activity, the Organisation of Crimean Tatar National Movement (OCNM) was formed by Crimean Tatar activists. The Organisation had a clearly defined membership, a statute

and a formally articulated programme of political action. From 1989 to 1991, the OCNM was at the heart of the national movement, uniting almost all its groups and activists.

The law of 12th February, 1991 “On the Restoration of the Crimean Autonomous Soviet Socialist Republic” was condemned by the OCNM statement of 8th March, because “the determination of the statehood of national territories could not be carried out by a simple majority of the population that had been resettled from other territories” (i.e. the Russian community). The OCNM appeal to the International Helsinki Committee on human rights stated that one more “Russian-speaking republic” had been created in the ancient Crimean Tatar land, thus violating the rights of the indigenous Crimean Tatar people. One of the most far-reaching reactions to the restoration of the Crimean ASSR was the decision by OCNM to convene, in Aq Mecjit (Simferopol) in June 1991, the Second Kurultay³ (National Congress) of the Crimean Tatar people. The Kurultay lasted for five days (June 26 – 30) and adopted a number of resolutions, statements and other documents. Perhaps the most significant of these was the “Declaration on the National Sovereignty of the Crimean Tatar People”. It announced the establishment of the Majlis of Crimean Tatar people – the principal representative body of the people between the sessions of the Kurultay. It also stated that the only subject of self-determination within the territory of Crimea is the Crimean Tatar people, whose “political, economic, spiritual, and cultural rebirth is possible only in its national sovereign state” and that it would be based on “mutual respect between Crimean Tatars and all other ethnic groups” and a strict observance of the rights of “all people irrespective of their ethnic origin”. This state was defined as the main aim of the Crimean Tatar people to be pursued “using all means provided by the international law”. In this and other documents, the hurried restoration of the Crimean ASSR, without consultation with the Crimean Tatars, was recognised as an attempt to affix, by legal means, the consequences of deportation. In the appeals directed to the highest authorities of the USSR and Ukrainian SSR, the United Nations Organisation (UNO) and other international organisations, each of them was asked for its understanding and support of the Crimean Tatars’ peaceful, non-violent struggle for national self-determination by democratic means.

The Kurultay is a body elected by general election by all adult Crimean Tatars. The Majlis is a permanent executive body elected by the Kurultay from among its members, and implementing its decisions. In practice, the Majlis is more important than the Kurultay in deciding the direction of concrete political action. The majlises, in fact, form a system of self-government. It functions at three territorial-administrative levels. The first is Majlis of the Crimean Tatar People which, as mentioned above, is elected by the Kurultay. It is followed by regional majlises representing the

3 The 1991 Kurultay was explicitly called the 2nd Kurultay, to signify the continuity with the 1st Kurultay established in December 1917.

territory of a rayon and a network of majlises representing the lowest administrative units, towns and villages. Regional and local majlises are elected by all Crimean Tatars. (Unless clearly stated, the term “Majlis” is used in this paper to refer to the Majlis of the Crimean Tatar People).

The Kurultay consists of 200 members, elected in indirect, two-stage, first-past-the-post (majority) election, and 50 members elected from the list of NGOs and their coalitions. The Crimean Tatars have no permanent political parties, although the Kurultay is characterised by a level of internal political diversity. The length of the term of office is 5 years. At the first stage of the elections, representatives of the smallest administrative units (towns and villages) elect the electors. The vote is regarded as legal if at least 50 per cent of the eligible voters (individuals over 18 years of age) take part in the election. In practice, a minimum of 50 signatures is required for the election to be considered legal. An elector needs at least 50 votes to be elected. The second stage of the electoral process is a conference, during which electors elect from amongst themselves, the delegates to the Kurultay. One delegate is elected by 20 electors representing a total of 1000 votes. Electors attending the conference are under no obligation to vote for a particular candidate.

Electoral districts follow the general administrative divisions of Crimea. However, by a decision of the Central Electoral Committee (CEC), two or more additional constituencies can be created in any region at the request of the regional majlis. An identical procedure is applied outside Crimea with the difference that the borders of constituencies there overlap with regional borders (e.g. Kherson oblast’). The number of seats for each constituency changes, depending on the number of Crimean Tatar residents. The Central Electoral Committee, which is appointed by the Kurultay, sets this quota, based on population statistics provided by the statistical department of the Majlis.

The main functions of the Kurultay are to appoint members of the Majlis, its chairman, and the Supervision Committee; approving the report of Majlis and adopting decisions. The Kurultay convenes at least every other year, but acts as a supreme body of the Crimean Tatars only when in session. Between sessions, this role is reserved for the Majlis. At the request of one-third of the members and the chairman of the Majlis, an extraordinary session of the Majlis can be convened. According to its statutes, the main objective of the Majlis is “the liquidation of the consequences of the genocide perpetrated by the Soviet state against the Crimean Tatar nation”, and the implementation of the right of Crimean Tatars to self-determination on its national territory. The statute specifies several ways in which the Majlis seeks to achieve these general objectives. They include: (1) implementation of measures aimed at the fastest possible resettlement of Crimean Tatars in their historic homeland; (2) taking steps to define the status of Crimea in accordance with the principle of self-determination of the Crimean Tatars, and respect for the rights and freedoms of all peoples of Crimea; (3) taking measures to revive language,

culture, religion and the education system of the Crimean Tatars; (4) adoption of programs aimed at protecting the economic rights of the Tatars and compensating them for losses suffered as a result of deportation; (5) taking steps aimed to provide relief to the needy and protect mothers and young children and (6) participating in activities aimed at protecting the environment and restoring historical landscapes in Crimea.

The Majlis consists of 33 delegates elected from members of the Kurultay. The chairman of the Majlis, who can stay in office for no longer than two consecutive terms, is accountable to the Kurultay. He is elected by absolute majority and has to win a vote of confidence at every ordinary session of the Assembly. Decisions of the Majlis are made by absolute majority with a quorum of 2/3rds of its members. The internal architecture of the Majlis is in a state of flux. Among its most important sections are political and legal, economic, and statistical departments, as well as departments of information, international relations, education and co-operation with the NGOs. Kurultay membership does not involve any material rewards. The general Kurultay-Majlis system can be presented as follows.

After 1991, the use of violence in inter-ethnic relations became a real strategy. The inability (or unwillingness, as some Crimean Tatar leaders would be quick to point out) of the authorities to protect the population was at least partially due to their ties to the local Mafia and other state-sponsored criminal cliques. It should also be borne in mind that the experience of previous clashes between the Crimean Tatars and the so-called “forces of order” in Molodizhne and Krasniy Ray villages and other locations, have led the Crimean Tatars to believe that they cannot rely on police and security forces for protection. On the contrary, Crimean Tatars strongly suspect that the “forces of order” would turn against them, regardless of the circumstances, and always side with their “enemies”. Acting on this reading of the situation, Crimean Tatars formed their own forces of self-defence – the Adalet party. Declaring itself a radical branch of the Crimean Tatar national movement, the group adopted an ultra-nationalist rhetoric and a gun-toting posture. To this day, however, there has not been a single instance of the active use of Adalet, and their future use is unclear.

In this context, it is important to note that the Majlis was the only institution in Crimea to publicly raise the question of police corruption and to respond to the actual abuse of power by the police. It is also important to bear in mind that, since 1991, all cases of Crimean Tatar involvement in violent action have occurred spontaneously, with the Majlis trying to cool down, rather than encourage the mob. That is to say that despite the existence of Adalet (which has since lost much of its original dynamism) the current political leadership continues to discourage the use of violence as an instrument of political struggle.

As already mentioned, the Crimean Tatar national movement had to reassess the concept of “co-operation” with the authorities which, prior to 1991, were

overwhelmingly equated with betrayal. Co-operation with Communists meant collaboration with the descendants of people directly responsible for deportation, and placing Communist values above those of the nation. In previous periods, collaboration also meant endorsing the assimilatory policy of the Soviet state. "Co-operation" was never partial, that is, it was impossible to collaborate and protest at the same time. Neither did "collaboration" mean the inclusion of potential "collaborators" in the decision-making process.

The period after 1991 was marked by the appearance of a new option as "co-operation" supplemented, and partially replaced, "collaboration". Some Crimean Tatars were now able to enter state institutions and defend Crimean Tatar national interests from within, playing a more active role in the decision-making process. These trends clearly came to the fore with Crimean Tatar participation in the 1994 election, as a result of which 14 Crimean Tatar MPs were elected to the Crimean Parliament. Four years later, two Crimean Tatar leaders won seats in the Ukrainian Parliament. At present, party membership has become compatible with simultaneous participation in the Crimean Tatar national movement.

Meanwhile, the Kurultay and Majlis continued their non-violent protests. Their activities centred on the following four issues: (1) the status of Crimea (object of particularly lively debates in the early 1990s); (2) the acquisition of Ukrainian citizenship by Tatar returnees to Crimea (partially resolved in 1998); (3) privatisation and land reform and (4) political representation. Of these, citizenship and political representation issues generated the largest mass-protest actions. A wave of demonstrations conducted in 1998 and 1999 led President Leonid Kuchma to become personally involved in the conflict, and was instrumental in a rapid, if partial, resolution of both problems. The Presidential Advisory council will be providing the institutional framework for future efforts to complete the task. At present, the issue of land reform is possibly the most urgent for the Crimean Tatars; 73 percent of whom live in rural areas, and 115,000 of whom are unemployed. According to regulations presently in place in Crimea, the unemployed are not eligible for allocation of land. This problem may deepen as Crimean Tatars remaining outside Ukraine decide to return to Crimea.

3. The Place of the Kurultay and Majlis of Crimean Tatar People in the Modern Political System of Ukraine

3.1 Legal status of the Majlis of the Crimean Tatar People

On 24th August, 1991 the Verkhovna Rada of Ukraine gained its independence. This was later confirmed by the convincing results of the all-national referendum of 1st December. This time, the Crimean Tatars, in contrast to their boycotting the Crimean referendum of 20th January, 1991 and the USSR referendum of 17th March

1991, did participate, and it would appear to be true that it was their votes that ensured the approval, if only by a slight majority, of Ukrainian independence for the territory of Crimea. The Crimean Tatar political elite's position, evidently shared by the Crimean Tatar electorate, can be explained in several ways. First, they firmly believed that any attempt to re-draw the borders of newly independent states would provoke a bloody conflict such as those already incited in other post-Soviet regions, and therefore dash any hopes for a peaceful resettlement in Crimea. Second, the Crimean Tatars, as victims of the totalitarian Soviet Empire, naturally welcomed its collapse and hoped that an independent Ukraine would prove to be much more democratic than its Soviet predecessor. The personal contacts and ties of friendship established between the leaders of the Ukrainian movement for independence and leaders of the OCNM – who were often imprisoned in the same Soviet GULAGs – might also have contributed to the Crimean Tatars' support for Ukrainian independence.

The legal status of the Crimean Tatar Majlis and Kurultay has been a problem since the 2nd Kurultay, convened in 1991, and elected Majlis to act as “the sole legitimate representative body of the Crimean Tatar people between the sessions of Kurultay”, while the Crimean Tatars have demanded that the authorities recognise Kurultay and Majlis as representative organs of the Crimean Tatar people.

In official proposals to legalise its status, the Majlis registering as an NGO or a political party have not been acceptable to the Crimean Tatar leaders. They maintain that, unlike a political party or an NGO representing interests of a limited group of people, the Majlis and Kurultay, being democratically elected by all Crimean Tatars, represent the interests of the Crimean Tatar people and should be recognised as such. As Mustafa Jemilev, the chairman of the Majlis, argued “Majlis is not an organisation. Majlis is an elected representative body of the Crimean Tatars' people – a national parliament, if you like. It is not yet recognised by the law. The authorities propose that we register as an NGO or a party, on a par with the Society of Beer Lovers. We will not do this.” Crimean Tatar leaders are also concerned that if Majlis were to register as a party or a social group, it would allow the government to treat it as just one in over 50 Crimean Tatar NGOs, thus playing upon the difference in its position amongst various groups – a tactic to downplay the representatives of Majlis, in order to avoid addressing the issues it raises.

While considering the Majlis and Kurultay as representative bodies of the Crimean Tatar people, Crimean Tatar leaders commonly deny that Majlis and Kurultay are parallel structures to the official power organs in Crimea. The 1st Deputy Chairman of Majlis Refat Chubarov argues, for example, that Majlis wants to be a consultative body with which the government would consult on a limited range of policy issues of direct relevance to the Crimean Tatars. Controversy around the status of Majlis, and the especially hostile attitude towards it on the part of the Crimean authorities, is not only of a legal, but primarily of a political nature,

given the stark, political and ideological differences between the Majlis and Crimea's dominant elites. Furthermore, fear that recognition of Majlis could set a precedent for similar claims by organisations of other ethnic groups in Ukraine, further complicates the situation.

The authority of autonomy could have taken into account the real situation, notwithstanding accrued formal legal collision. At least a solution to the problems of the repatriates' resettlement, called for the participation of the Crimean Tatars, to discuss their vitally important issues. Accordingly, this should be a dialogue. Some representative body, on behalf of the Crimean Tatars, could carry out such a dialogue. De-facto, the Majlis became such a body. If current legislation did not allow its formal registration by the institutions of justice, the Majlis's commissioners could negotiate without the formalisation of the Majlis.

Meanwhile, the confrontational position of the Crimean authorities only incited the Crimean Tatars to associate more closely with this Majlis and it gained high prestige amongst the people. The principle refusal to a dialogue with this body was a demonstration of unwillingness to reckon with this situation. The demonstrative neglect of the Majlis caused the aggravation of relations with the entire Crimean Tatar movement and restricted any conciliatory possibilities for a negotiation, including any concurrence. So, early in October 1992, the Supreme Council (SC) of the ARC disregarded the Majlis's impact on the behaviour of the Crimean Tatars and instead of attempts to make it a participator in a political dialogue, adopted a legal decree to recognise any activity by this body as being unconstitutional and led to a complication of the political situation and complete inter-ethnic discord. The Republican law enforcement machinery was commissioned to take measures to suppress the unconstitutional activities of the Majlis and OCNM. The authority of the ARC made a statement of intent to form a militia regiment from Republican budget resources. This confrontation was strengthened by an accusation by the SC of the ARC to the Majlis's address. It was accused of refusing to participate in any dialogue and for provoking mass protest actions.

Very often, noises have been made about the Majlis playing the role of a Crimean parallel government, a government of the Crimean Tatars, with all the necessary departments and divisions. It should be taken into account that the Crimean Tatar movement is somewhat more than just a political party, though it is not quite correct to appraise it in national-legal terms.

One may labour under the misapprehension that within the Crimea's self-government system, some elements of the Crimean Tatar people's statehood are being deliberately instilled. In reality, there is the Crimean Tatars' autonomous self-government system with its vertical managerial structure: the Majlis, district Majlises and village Majlises. This organisational mode allows the Majlis to pursue its policies and exercise control over the Crimean Tatar movement. The Majlis runs its own

media, including radio and TV channels and the press⁴. Another peculiarity of the Crimean Tatar societal organisation is in its facilitating and fostering multitudinous associations along professional and other lines.

Despite some rather radical stated goals and public rhetoric, the Majlis has been quite centrist in its actual political practice, including on issues such as national statehood and the right to self-determination, which have been noted by independent observers. Although keeping the goals of national-territorial autonomy and self-determination in their program, in practice, in recent years, the Majlis leaders have put a lot more emphasis on comparative, less controversial, and more realistic, political objectives, such as legal mechanisms to guarantee representation in the Crimean parliament and government bodies (instead of denying the legitimacy of these institutions, which was their more common position in the early-mid 1990s). At the Kurultay in October 1999, after heated debate, the majority of delegates agreed that the question of self-determination and re-creation of Crimean Tatar statehood are primarily of a theoretical nature, and should be discussed at academic conferences and roundtables rather than at political forums.

As a consequence of the Majlis's great prestige with the Crimean Tatars they have impressive self-organisational capacity and mobilisation. This allows the Crimean Tatars to organise mass protest actions: a tactic which often resulted in policy concessions from authorities. As the Majlis's leadership note: all resolutions of this body are of an advisable character and are based on the Majlis's authority among the people. According to the results of a poll held in 1999 – 2000, about 53% of respondents-Crimean Tatars supported the protest actions of the Majlis.

3.2 Political activities of the Majlis in modern Ukraine

Since the early 1990s, when pro-Russian Crimean separatism and local Communist elites came to be regarded as their common threat, the Crimean Tatars and pro-Ukrainian groups have been strategic allies against Communist and pro-Russian separatist forces in Crimea. With the politically-active Ukrainian community in Crimea being very small, the Crimean Tatars have positioned themselves as the main pro-Ukrainian force in Crimea. Both the Ukrainian political Right and the official Kyiv have relied on the Crimean Tatar support against pro-Russian separatism in Crimea, but the concern of keeping Crimea firmly under Ukraine's jurisdiction has been a lot more important than the satisfaction of the Crimean Tatar interests. Crimean Tatars' nearly unconditional support of the central government in its conflict with Crimea's separatism is, in itself, a reality with no similar precedence in the CIS. Different government agencies disagree, not only on the practical policy steps to be taken with regard to specific issues Crimean Tatars raise, but even on the overall legal framework within which these issues are to be regulated.

4 There are the Crimean Tatar FM radio station "Meydan" and ATR TV Channel, several Crimean and local newspapers in Crimean Tatar, Russian and Ukrainian, as well as several web-sites.

The Majlis achieved significant success during the adoption of the Constitution of Ukraine of 1996 with the collaboration of the right Rukh party. Using effective lobbying, it achieved the incorporation of the term “indigenous peoples” which must be interpreted on subsequent legal acts. Unfortunately, this achievement is the only one and today, there is no legislative act on the regulation of the political and cultural rights of the Crimean Tatars, although, the Majlis’s representatives have directly participated in the bill drafting for Crimean Tatar issues since 1996. Among them: “Concept of Public Policy of Ukraine for Indigenous People”, “Law of the Status of the Crimean Tatar People”, “Law of Rehabilitation of the Rights of Persons Who Were Deported by Ethnic Origin”, “Concept of Public Ethnic Policy”. These bills were introduced for the consideration of the Parliament of Ukraine under a determined procedure. These bills have defined a place for the Crimean Tatars representative bodies in the Ukrainian legal field.

The representative bodies of the Crimean Tatars consistently take part in the elections to national, Crimean and local elected bodies. The author does not agree to the tactics of a pre-election campaign which depends on changing legislation. It should be noted that candidates to local councils are usually put forward by local majlises and a list of candidates to the Parliament of Ukraine or the SC of the ARC are nominated during the session of Kurultay. As a rule, Crimean moderate politicians try to come to an understanding about possible co-operation or support from the Majlis during an election campaign. Incidentally, when the Crimean Tatars had a quota of 14 seats in the Crimea’s legislature, 97% of the voting Crimean Tatars voted for the list of Majlis in 1994.

3.3 Activities of the Majlis in international scene

Considerable efforts were made by the OSCE High Commissioner on National Minorities, Max van der Stoep, to find ways to give legal status to the Kurultay and Majlis during 1995 – 1998. These issues were consistently addressed to the attention of the Ukrainian Government on his recommendation.

The problems of Crimean Tatars had taken on an international importance since the 1960 – 1970s. The international and European organisations’ influence assisted to solve the urgent problems for the repatriation of the Crimean Tatars to their historical Motherland and their resettlement. The attention of the international organisations towards the people’s problems changed priorities from the beginning of the Crimean Tatars’ repatriation to Crimea. The repatriation process was a subject of permanent trusteeship of the OSCE because of the high level of its conflict potential. Under the initiative of the OSCE High Commissioner, the council for Crimean Tatar issues was held in Nordweik in 1996. He also made major efforts to solve the problem of naturalization in Ukraine for repatriate Crimean Tatars. The legal and practical issues of the Crimean Tatars’ repatriation were worked on by experts of specialised agencies of the UNO and Council of Europe for a long

time. The Majlis also supports contact with the international Turkic and Islamic organisations. Through the office of the UN Crimean Integration and Development Programme, which works on the peninsula, the Majlis can support communication with the UNO. The representatives of Majlis take an active part in the work of the Working Group on Indigenous Populations under the UN Commission on Human Rights and use common results on which to base the Crimean Tatars' demands for the status of indigenous people of Ukraine. Dr. Nadir Bekir, a Majlis member, recently took over the leadership of the UN Voluntary Foundation for Indigenous Populations.

In 1998, the Chairman of the Majlis of Crimean Tatar people, Mr. Mustafa Jemilev, was awarded the UNHCR F. Nansen prize for his human rights' protection activity. In high regard for the Crimean Tatars' fight against the Communist regime for their return home and for restoration of their human rights, Mr. M. Jemilev considered the awarding of such a significant international prize as a major step forward.

The PACE had held debates on the problems of repatriation and the integration of the Crimean Tatars 2000. As a result of this discussion, the Recommendation of PACE #1(2000) was adopted which particularly noted the importance of securing effective representation of the Crimean Tatars in national, Crimean and local public affairs. The adoption of this Recommendation was important progress by the Majlis which proved its great authority in international circles.

For the leaders of the Majlis it is customary practice to meet regularly with heads and ministers of foreign states, foreign parliamentarians, ambassadors and diplomats, high officials of international and European organisations and well-known public figures. The representatives of the Majlis often take part in international events on indigenous peoples, minorities' rights protection, human rights and conflict prevention, etc. The Majlis considers this sphere of its activities to be very important for informing the international community about the situation of the Crimean Tatar People.

3.4 Use of the Institution of the Council of representatives of the Crimean Tatar People and the Office of the President of Ukraine as an instrument for influencing administrative practice

As one analyst said, "the minimal demands of the Crimean Tatars exceed the maximum concessions that the Russian-speakers are prepared to make". The unwillingness of the Crimean authorities to recognise any Crimean Tatar political demands for group rights is commonly hidden in the language of equal rights. Crimean elites present their position as a "policy of the dialogue of ethnic cultures and groups in Crimea ... to preserve a variety of ethnic components in Crimea," while characterising the political demands of the Crimean Tatars as voiced by the Majlis – "an illegal organisation of so-called indigenous people" as nationalistic and extrem-

ist, “flagrantly violating the constitutions and laws of Ukraine and Crimea, human rights, and principles of citizens’ equality.” The rhetoric of equality and rights notwithstanding, it would appear that this is not the substance of the Crimean Tatar political demands and “extremism” demands, but rather the ideological and political differences between the Majlis and the Crimean elites that are at the root of the Crimean authorities’ denial of the legitimacy of Majlis as a partner in negotiations, as well as Majlis’ demands, as the policy of Crimean leaders towards other Crimean Tatar groups illustrated.

It is the opinion of experts of the Ukrainian Centre for Economic and Political Studies that the Majlis exerts significant influence on the political situation in Crimea. A strange situation has arisen whereby opponents of the Majlis accuse it of being an illegal organization, but at the same time, are attracted to it. For 16 years, the Majlis has changed itself into a powerful player in the political arena of Crimea and Ukraine. A search for political compromises for common goals in Crimea is impracticable without taking the interests of Crimean Tatars and their representative bodies into account.

The situation with Majlis’s official status remained deadlocked for years, but on 18th May 1999, as more than 35,000 Crimean Tatars participated in an impressive march to Simferopol to commemorate the 55th anniversary of the 1944 deportation, the Ukrainian President signed a decree establishing a presidential Crimean Tatar advisory council composed of all 33 Majlis members and headed by the Majlis chairman, Mustafa Jemilev. The decree, although falling short of giving full recognition to the Majlis, has been commonly regarded as de-facto recognition of the Majlis and its capacity as a main interlocutor on behalf of the Crimean Tatars. The corresponding Advisory Councils of the heads of regional administrations were formed in all regions of Crimea.

This Decree of the President of Ukraine set an example of compromise that can make, whilst not breaking the law, the ambiguity of the issue of the Majlis’s status. Generally, using this Council’s mechanism for multilateral communication between elites allows raising many issues of the day concerning formerly deported people. At first, the Office of the President of Ukraine interpreted this co-operation mechanism as being, on the whole, effective. The President of Ukraine in his statement to Parliament in 2000 mentioned: ‘...in particular, the activity of the Council of the representatives of the Crimean Tatar people assist the realisation of public policy for full integration of the Crimean Tatars into Ukrainian society.’ The Council’s sessions were held and several of the President’s commissions were resolved, but their rate of fulfilment by the governmental bodies is extremely low – about 18%.

On 5th April, 2000 the Ukrainian parliament held a parliamentary hearing “On the legislative regulation and the realisation of public policy for ensuring the rights of the Crimean Tatar people and national minorities which have been deported and are now voluntarily returning to Ukraine”. This hearing, agreed upon by the Majlis

leaders and the President during the Council's session, was the first hearing relating to the difficult problems of the Crimean Tatar people in the history of the Ukrainian independent state. Following the hearing, MPs approved the recommendations with definite measures for solving the Crimean Tatars' problems to the President, the Government and the Parliament of Ukraine. This hearing became an example of the successful use of the Presidential advisory council's opportunities for finding ways to solve urgent issues.

According to the Regulation on the Council of the representatives of the Crimean Tatar people, its main tasks are: analysis and forecasting of the political and legal, social and economic, cultural and other issues for their return home, resettlement and adaptation of the formerly deported Crimean Tatar people, and its integration into Ukrainian society; preparation and submission of proposals to the President of Ukraine for the solution of these problems, participation in the realisation of the measures for the solution of these problems, participation in bill drafting and elaboration of the state programs for these issues, as well as preservation of ethnical, cultural, linguistic and religious originality of the Crimean Tatars, analysis of implementation of the laws of Ukraine, legal acts of the President of Ukraine and the Government, and legal acts of the SC of the ARC and submission of the appropriate proposals. Among the important issues of integration and adaptation of the Crimean Tatars into Ukrainian society, one of the most pressing issues is the securing of the participation of their representatives in the decision-making process at Ukrainian, Crimean and local levels. This question was discussed during several sessions of the Council with the participation of the President of Ukraine. As a result of the sessions, the President of Ukraine commissioned the Prime Minister of Ukraine, the Head of the Main Department for Public Service, the Prime Minister of the ARC and the Rector of the Ukrainian Academy of Public Administration to ensure assistance to the Crimean Tatars in acquiring education, training and their career advancement in the executive bodies of power and local self-government bodies. In pursuance of the Presidential commissions, the Government of the ARC decided to draw up a list of candidates – Crimean Tatars for public service. Also, the accordance of a quota for entrance to the UAPA for Crimean Tatars on the Presidential advisory Council's recommendations was a significant step for the effective participation of repatriates in the bodies of state power. The governmental programme for assistance in the social self-realisation and adaptation of Crimean Tatars' youth during the period 2002 – 2005 provided for the attraction of talented youth, from the leadership of voluntary youth organisations, to internship in executive bodies of the ARC. The corresponding courses for public ethnic policy were elaborated for the curricula of the UAPA and its Odessa Regional Institute in connection with complex ethnic processes on the Crimean peninsula.

However, the situation with the Crimean Tatars' representation in the state bodies remains complicated. The Majlis insists on a principle of proportional Crimean Tatar representation based on their share of the Crimean population where they

number more than 13%. The portion of public and local servants/Crimean Tatars in ministries and agencies of the ARC does not exceed 6%. The situation in some bodies is more “painful”. For instance, among the servants of the Ministry of Finance, only 1% are Crimean Tatars, in the Ministry of Resorts and Tourism – 3%, in the Main Department of the Ministry of Interior of Ukraine in the ARC – 3.5% and in the Tax Administration – 3.2%. Agencies such as the Customs Service, the Secret Service, the Main Department of the Ministry of Justice in the ARC, etc. generally remain up to now “ethnically clean” from Crimean Tatars. Therefore, the European Commission against Racism and Intolerance in its second report on Ukraine noted “...Representation of Crimean Tatars in public life is one of the areas for improvement identified by ECRI... Certain professions in the public sector, such as law enforcement and security services, are also reported to be particularly difficult for formerly deported people to access.”

Although, on the whole, the Majlis have a more effective mechanism of influence for appointments to the bodies of representative and executive power of ARC through the institution of the Council of the representatives of the Crimean Tatar People under the President of Ukraine. At present, the Crimean Tatars’ representatives are appointed on this Council’s recommendations after consultations between Majlis and other political forces. So, after the elections of 2006, Crimean Tatars were appointed to posts of 1st Vice-Premier, Minister for Social Protection of Population, 3 Heads of Republican Committees and several deputy ministers and heads in the Government of the ARC and post of the Chair of the Permanent Commission for Inter-ethnic Relations and Formerly Deported Citizens of the SC of the ARC under an agreement with the coalition of the political parties “Party of Regions”, “Russian Block”, and “For Yanukovich!” which obtained majority seats in the Crimean parliament.

Conclusions

The essence of the Crimean Tatar predicament since 1987, when the process of repatriation began, is that their expectations have been higher than the means to meet them. Historically traumatic experiences gave the Crimean Tatars a sense of entitlement, and of being the rightful owners of Crimean land. At the same time, neither the population nor the authorities were prepared for a mass resettlement of Crimean Tatars in Crimea. Distrust and the often hostile attitudes of the locals, combined with overt discrimination, made the Crimean Tatars realise that they were outsiders in Crimea. This is why, to this very day, they insist on being “the indigenous people of Crimea” despite the vagueness of this claim. The most commonly used word in Crimean Tatar political discourse is “discrimination”. To fight discrimination and defend their rights, they established representative institutions, the Kurultay and the Majlis.

The problems faced by the 270,000-strong Crimean Tatar community are complex and multi-faceted, including social and economic, cultural, and political and legal issues. But apart from the social and economic problems where the solution requires financial costs, there are a number of political and legal problems associated with the Crimean Tatar's return to Ukraine where the solution is not a matter of money, but of law and politics. Resolution to these latter problems – many of which cut to the core of such central Ukraine issues as relations with the Russian majority in Crimea and the challenge of accommodating over 100 ethnic minority groups living in Ukraine while consolidating Ukrainian national identity – is hampered by the political and legal controversies surrounding them. Among the political and legal problems, those most often emphasised by the Crimean Tatar leaders are: a need for a legal mechanism to guarantee Crimean Tatar representation in Crimean and Ukrainian organs of power; official recognition of the Crimean Tatar Majlis and Kurultay as the representative bodies of the Crimean Tatar people; official recognition of Crimean Tatars as an indigenous people of Crimea and Ukraine rather than a national minority and recognition of the Crimean Tatar language as one of the official languages in Crimea; change of the status of the Crimean autonomy from the current territorial autonomy into a national and territorial autonomy of the Crimean Tatars.

The most burning and complex ethnic situation, which has high conflict potential, developed in modern Ukraine due to the dissatisfaction of the Crimean Tatars on governmental management for the solution of the repatriates' problems. According to the results of a poll in 2004, which was conducted by the Kyiv's Institute of social and political psychology, respondents-Crimean Tatars consider the main problems of inter-ethnic complications to be the neglect of the just demands of the Crimean Tatars by the Crimean local authorities – 65% of respondents, contradictory and inconsistent policy of the Ukrainian government for the Crimean Tatar issue – 51%, inactivity and prejudice of law enforcement – 49% as well as the instigation of the Russian-speaking population against the Crimean Tatars by pro-Russian and pro-Communist forces – 69%.

As the author already mentioned, the Majlis of the Crimean Tatar People has not yet been registered with the Ukrainian bodies of justice. At the same time, the leaders of the Crimean Tatar National Movement are raising the issue of Kurultay and Majlis recognition as representative bodies of the Crimean Tatars as one of its main demands. Pursuant to a Decree of the President of Ukraine, the Council of representatives of the Crimean Tatar People was formed. This may be viewed as a first step towards the political and legal recognition of the Majlis as a representative body of the Crimean Tatars. However, legal limitations exist for the fulfilment of this demand.

Conclusions

- The Majlis of the Crimean Tatar People exerts significant influence on the political situation in the ARC.
- An overwhelming majority of Crimean Tatars recognise the Kurultay and Majlis as representative bodies of the Crimean Tatar People.
- The system of national self-government of the Crimean Tatars has a unique juridical nature and there is no similar precedent in the CIS.
- The Majlis cannot be viewed as a body of state power or local self-government organ.
- The legal conflict may be resolved by the draft Law of Ukraine of the status of the Crimean Tatar People submitted to the Verkhovna Rada of Ukraine. The bill provides for recognition of the Crimean Tatars as an indigenous people of Ukraine and creation of their representative bodies – the Kurultay and Majlis.
- Establishment of the Council of Representatives of the Crimean Tatar People; the Office of the President of Ukraine was a compromise settlement for recognition of the Majlis as a representative body of the Crimean Tatar People and introduced it into the Ukrainian legal field.
- The institution of the Council of the Representatives of the Crimean Tatar People and the Office of the President of Ukraine provides an opportunity to carry on a direct dialogue with the head of state.
- Establishment of the Council of Representatives of the Crimean Tatar People and the Office of the President of Ukraine created a real mechanism of influence over administrative practice, education and training in PA schools for Crimean Tatars.
- Unfortunately, this Council is not used efficiently by all political forces as a framed mechanism for effective dialogue for solution of the concrete issues.

In the present situation, the most acceptable is the way of civilized and conflict-free progress towards the establishment of new realities, which are constructed in line with everlasting human values and rights. That is life, freedom, prosperity for every individual whatever his/her nationality may be. This may be an area where various interests converge on some common points and where joint efforts may be applied.

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Financing Local Governments' Investments in Hungary by Issuing Municipal Bonds: Experiences and Future Prospects

Gábor Kovács¹

Abstract

The transition to a market economy in Hungary began at the end of the 1980s. Since then, due to the decentralisation process launched in 1990, funds emanating from central government decreased significantly in real value, while the level and scope of services provided, did not simultaneously decrease. In order to avoid postponing necessary local investments, local governments are more and more constrained to use their own local revenues and external funds. With the help of issuing municipal bonds – as a special financial technique of borrowing – *absorption capacity of local governments* could be improved, which is indispensable in making local governments capable of utilising the supporting opportunities coming from the European Union.

The *regulatory framework* of borrowing activity of local governments in Hungary can be regarded as liberal and, in our opinion, central regulation created favourable conditions for the issuance of municipal bonds. Concerning the potential demand side of municipal securities, there is a cumulative interest by the banks in bonds. Major *problems occur on the supply side* of municipal bonds. Local governments have the wrong impression about bonds and in general, they are not aware of the economical and financial attributes of securities. The concept of borrowing is usually regarded as a last resort for financing and bonds are merely considered as bank loans in disguise.

The objective of this paper is to present and analyse the main characteristics of Hungarian local government bond financing and to assess and judge the applicability in Hungary of the bond as a local government fundraising tool, reflecting the

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experience of the issues studied. *The sample being studied includes all Hungarian bond issues between 2002 and 2006.*

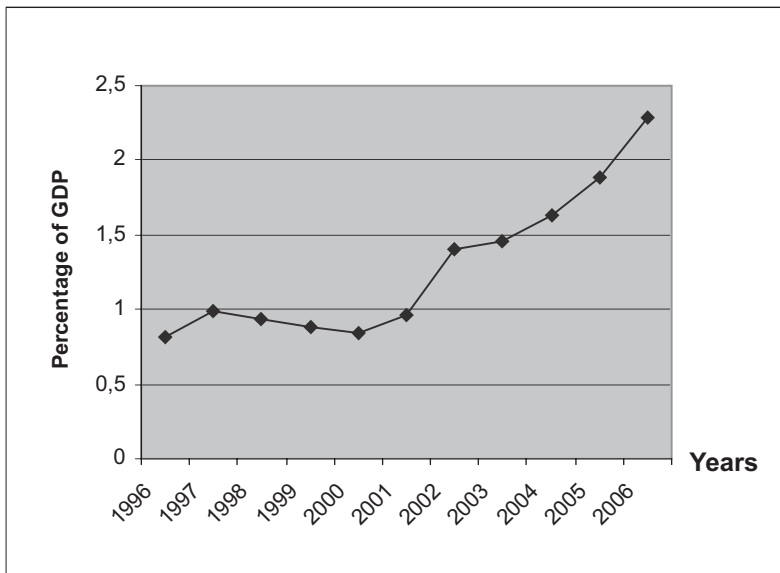
1. Introduction: Framework for the Analysis

In this part of the study, the evolution of external financing of Hungarian local government is briefly described and the main tendencies are presented, based on the experience of the last 10 years. After that, we summarise and evaluate the characteristics of the current central regulation regarding local governments' borrowing and bond financing.

The size of indebtedness began to increase considerably in 2002. One of the reasons was the favourable macroeconomic environment (low inflation rate, moderate interest rates). The increase was also due to the decrease of revenues derived from privatised asset sales and the increasing investment demand could not be met by central government support. Since EU accession in 2004 – ensuring their own part in tenders – indebtedness has been increasing, though it has not yet exceeded 2.5% of GDP.

Figure 1

Borrowing of local governments in Hungary as a percentage of GDP (1995 – 2006)

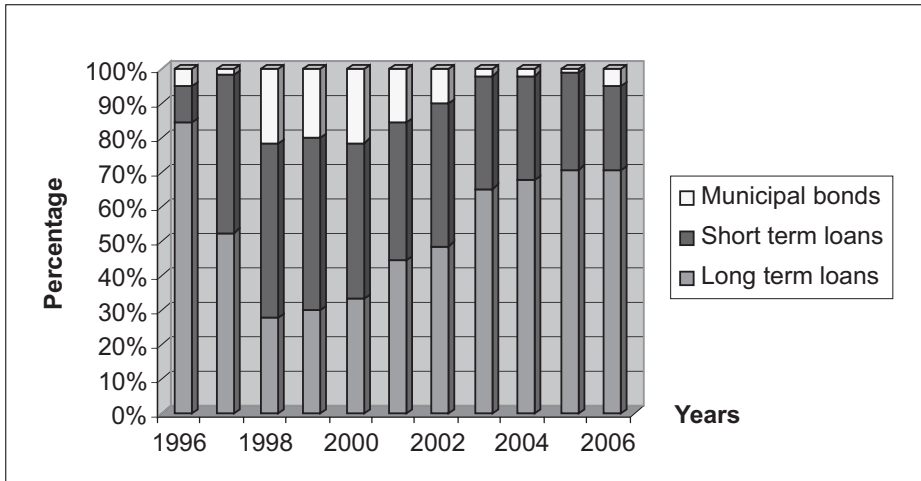


Source: Hungarian National Bank

Regarding the borrowing structure of local governments, the proportion of long-term loans has been increasing since the 1990s, relatively to short-term funds.

The volume of municipal bonds issued for the last 10 years is characterised by high fluctuation. After a slight shortfall at the beginning of this decade, a considerable increase can now be observed.

Figure 2
The structure of borrowing 1996 – 2006



Source: Hungarian National Bank

The *Act on Local Self-Government (1990/LXV)* allowed free borrowing – and thereby also the issuance of bonds – of municipalities without permission from Central Government. Concerning the size of borrowing and the securities pledged to repay the debt, the following legal restrictions were formulated in 1996:²

- Municipalities are not permitted to meet their debt service obligations from Personal Income Tax Revenues, Normative State Contributions, Central Subsidies or by selling Core Assets.
- Total debt³ cannot exceed the Corrected Current Own Revenues, which is 70 per cent of the positive difference between current own revenue and short term liabilities.

In 1996, a Bankruptcy Law for municipalities (*Municipal Debt Adjustment Act, Law XXV*) was prepared and came into force. The law defines a debt adjustment process whose objective is to allow local governments to regain their financial health, while at the same time protecting the rights of creditors. The Municipal Debt

2 The enforcement of the law is a different question. In 2002, there were four cases of local governments obtaining loans in spite of the fact that they were above the limits (*Balás-Hegedüs 2004*).

3 Bank loans, municipal bonds, lease, third-party obligations and other commitments.

Adjustment Law defines and restricts the risk of investing in municipal bonds by imposing a definite financial and moral cost on local governments who default on debt or other payments (Makay 2004).

All in all, the regulation can be considered as relatively liberal and our opinion is that it also created favourable conditions for the issue of municipal bonds. The *regulatory framework* of the borrowing activity of local governments can be regarded as fairly sophisticated, although it could have been more unique and flexible. Regulation prefers, unintentionally, bonds to bank loans, since public procurement process requirements do not apply to the issuance of bonds.

2. The Description of the Research

In the following, I will describe the conception of the studied sample, the method and the tools of the research and last, but not least, the items of the research.

2.1 The Aims of the Research

- (1) *The presentation and the analysis of the characteristics of Hungarian local government bond financing.* This, among others, includes the determination of the common features of the issues, the identification of potential typical patterns and the definition and the explanation of assumed connections between the single attributions of bond financing.
- (2) *The assessment and judgement of the applicability in Hungary of the bond as a local government fundraising tool reflecting the experience of the studied issues.* I attempt to detect and assess those *outside conditions*, which are at present determining the margin of local governments' bond financing. This means that based on the practical experience of bond financing, I will try to draw conclusions on the one hand in connection with the preferences of *demand* and on the other hand, to what extent the relevant *central regulation*⁴ influences and to what extent it restrains local governments' relevant opportunities advantageously. One should remember though, that the issues to be studied do not give a representative sample of all Hungarian local governments⁵ even if the survey was thorough, i.e. the information gained, based on their analysis alone does not necessarily produce general conclusions relevant to all local governments.

4 Here I understand central regulation primarily refers to the regulations relevant to local government credit financing and to the recommendations connected to bond issues.

5 I have studied all the recent bond issues in Hungary in vain, as the searched local governments do not necessarily give a representative sample of the whole population, that is, of all Hungarian local governments.

2.2 The Studied Sample

The presented and analysed *sample* includes all bond issues of Hungarian local government. I paid special attention to two factors primarily when choosing the *period of the analysis*. Since one of the aims of the study is to judge the future adaptability of bonds as potential fundraising tools, those issues were studied which could be the basis for conclusions regarding the future. This means that the “upper limit” of the analysis period was set to 2006 – the time the analysis was executed.

The other consideration in determining the analysis period was that because of the comparability, only those issues that were broadly executed in similar outside conditions should be presented. On 1st January, 2002, the law on the “*Capital Market*” took effect and the decree on “*Bonds*” also became legal at that time. Both measures indicated considerable changes within the regulation on local government stock issues. I thought that because of the above mentioned arguments, it was advisable to study the period 2002 – 2006 for the analysis. In conclusion, *the sample being studied includes all Hungarian bond issues between 2002 and 2006*. During this period, *six bond issues* were executed in the following four settlements: Edelény, Debrecen, Miskolc and Nyíregyháza.

2.3 The Method and the Tools of the Research

For the sake of the analysis of the previously presented research aims (in detail), the sample was analysed *entirely*, i.e. all Hungarian local government bond issues during the period of 2002 – 2006 have been analysed. The observations and the investigations have been executed primarily with the aid of *personal interviews*. Those interviewed were all employees – generally in a managerial position – of the given local government and issuer who were directly involved in the procedure of the issue. In the first part of my paper, I will summarise the key points of the regulatory framework for the issuance of municipal bonds. After that, the characteristics of the Hungarian local government’s bond financing will be presented. Finally, I attempt to evaluate, in the light of the experience gained, the process of the Hungarian feasibility of the bond as a fundraising tool.

3. The Presentation and the Analysis of the Characteristics of the Hungarian Local Government’s Bond Financing

3.1 The course of the Research

Municipal bonds can be classified and analysed primarily based on the following characteristics (*Petersen-Valadez* 2004):

1. issuer of the bond;
2. securities to repay the debt;
3. cash-flow (principal payments, interest, currency);

4. type of issue.

In the following, a presentation and analysis of the issues in Hungary will be made, based on the aforementioned features of bonds.

3.2 The Issuer of the Bond

As already mentioned above, altogether *six bond issues* were executed between 2002 and 2006 in Hungary. One of them was a *serial issue*, i.e. within an already existing bond programme, a new issue was executed and in one case – it is true that the decision had been already made – the release procedure is still under progress.⁶ The *issuer* was directly the local government of the settlement in two cases (*Debrecen, Edelény*), but in the case of Miskolc and Nyíregyháza the public utility companies 100%-owned (*Miskolci Ingatlangazdálkodó Rt.*, and *Sóstó-Gyógyfürdők Rt.*) by the local governments received the loan. At first sight, it may be surprising to note that all of the settlements can be found in the north-east and eastern parts of Hungary, i.e. from a geographical point of view, a relatively short distance from each other. As the personal interviews proved though, this was not accidental; every town knew and were partly acquainted with the issues of the neighbouring settlements. In the case of Miskolc and Nyíregyháza, the same person was involved in the issue.

Table 1
Major Financial Characteristics of the Settlements (2006)

Cities:	Miskolc	Edelény	Nyíregyháza	Debrecen
Population	177.000	11.000	110.000	210.000
Total revenue (Million HUF)	47.554	3.202	32.719	41.088
Total expenditure (Million HUF)	50.262	3.468	33.140	45.688
Interest + Repayment (Million HUF)	857	42	2.328	1.689

Source: Own construction

The *aim of the issue* was primarily of an investment character in each of the cases. Apart from providing more effective and high-standard public services in the case of the Miskolc and Nyíregyháza issues, the expected returns on the investments dominated primarily, while the projects were selected. The *face value* of the issued *bonds* is typically between 1.5 – 2 billion HUF, the only exception is Edelény where the amount was lower. The *maturity* of the studied local government bonds was between 5 and 10 years, which basically means medium-term borrowing.

⁶ In the case of Debrecen it was the second bond issue and in the case of Miskolc it was also the second.

Table 2
The Cash-flow of the Bonds

	Miskolc	Debrecen	Edelény	Nyíregyháza
Maturity	8 years	5 years	10 years	10 years
Year of placement	2005	2002, 2004	2003	2005
Type of issue	Private placement	Private placement	Private placement	Private placement
Cash-flow	Repayment at maturity	Repayment at maturity	Annuity	Repayment at maturity
Interest rate	CHF LIBOR+0,8%	Fixed, 7,6%, 9,24%	T-bills+2%	CHF LIBOR+1%
Amount (in million of HUF)	2000 (12,5 million of CHF)	2500	300	1500 (9,5 million of CHF)

Source: Own construction

3.3 Pledges for the Repayment of the Bonds

I have distinguished four basic types of local government bonds according to the tools offered as provision for the liabilities deriving from bond contracts and according to cash flow. The securities issued by the towns of Debrecen and Edelény can be classed mainly as part of the group of *general obligation bonds*. In these cases, the local government of the settlement itself acted as the issuer and the town's negotiable assets were counted as the provision of liabilities. Furthermore, the liabilities deriving from bond contracts were of the same rank (*pari passu*) as other liabilities undertaken by the towns and deriving from other non-dependent legal relations.

Table 3
The main Characteristics of the Issues

Cities	Miskolc	Debrecen	Edelény	Nyíregyháza
Main goal(s) of the issue	Project of "High Street's Plaza"; Revitalisation of industrial area; Engagement of tenement flats	Reconstruction of Road Monostorpályi; Conference Centre; Regional Refuse Site; Reconstruction of Csokonai Theatre	Bridge-reconstruction; new roads, sewage disposal system	Wellness and health-tourism centre; Forum and apartment-house
Type of bond	Revenue-bond	G.O.	G.O.	Revenue-bond
Issuer	MIK Ltd.	Local government	Local government	Sóstó Gyógyfürdő Ltd.
Buyer(s) – Underwriters	OTP	Raiffeisen Bank	Erste Bank	OTP
Securities	Mortgage on real estate, conveyance	Mortgage on real estate	Mortgage on real estate	Joint and several guarantee, surplus proceeds

Source: Own construction

The local government bonds of Nyíregyháza and Miskolc can be classed as part of the so-called *revenue-bonds*, i. e. the expected future income coming from the project realised from the loan were the primary liabilities of the repayment. From the part of the issuer as the warranty of meeting liabilities for the creditor the surplus income – resulting from the execution of the project – was granted. These warranties were completed by the mortgage on certain real estate of the local government's public utility company. The picture is becoming more shadowed because these securities cannot fully be considered as one of the theoretical basic types of revenue bonds. This is because in every case, the above mentioned warranties were completed and assured *by the general warranty of the owner local government of the settlement* for the fulfilment of the liabilities.

Considering the *time distribution of the pay-offs*, basically the situation of paying one sum of money at the time of expiration dominates. The only exception is the town of Edelény again, which has chosen the pay-off of the same sums of the face value after a 5-year tolerance period. This means that the 300-M-HUF face value will be paid back by 60-M-HUF starting from the sixth year, i.e. during the first five years only the interest rate liability will be due.

When examining the issues based on the *type of interest computation* we can reckon that only the town of Debrecen chose a fixed interest rate. The other settlements opted for a floating rate. The return of Treasury bills served as a prime rate in the case of Edelény, while the interest rate of both foreign exchange bonds was bound to the Swiss franc-based LIBOR. Considering the frequency of the interest rate liabilities, the yearly interest-payment dominated in accordance with the behaviour of the capital market. As was mentioned earlier, the cash flow of the bond can be influenced, whether the bond contract includes the so-called *call option or not*. Only the Miskolc and Nyíregyháza issuers took this opportunity, knowing that they could increase the flexibility of the cash-flow of bonds, which is even greater compared to bank loans.

3.4 The Way of the Issue

Depending on the way they are issued, private placement and the public issue of bonds can be distinguished. Almost all of the studied Hungarian issues took place *privately* with only one exception – in Debrecen. Private issue was also motivated because in each of the cases, a commercial bank directly bought the entire quantity of the bonds offered.

The public subscription in Debrecen was carried out in the framework of an auction. The only buyer in this case too was one commercial bank. In this respect, all of the Hungarian issues studied can also be considered a “disguised” bank loan. Moreover, commercial banks, as unique buyers, have in every case, undertaken the so-called *subscription guarantee* referring to buying up the entire quantity of bonds.

4. In the light of the experience gained in the process of the evaluation and judgement of the Hungarian feasibility of the Bond as a fundraising tool

Regarding the *second objective* of the research, in the following, I will try to evaluate the outside factors influencing the Hungarian feasibility of bond financing based on the studied issues, paying special attention to state regulations and the judgement of capital market opportunities

4.1 Choosing between the Tools of Borrowing: Bank Loan versus Bond-issuing

Later, I will prove the *real advantages* and *disadvantages* in the case of the recent Hungarian issues, having chosen bond financing versus a bank loan, the potential alternative. My study also included the *advantages and disadvantages* of bond-based financing *considered* by the issuers, while deciding about the choice of financing tool – and whether the decision was de facto part of a professional decision.

4.2 Possible Advantages of Bond Financing

- (1) *The whole credit sum is available immediately*: Certainly this positive feature of bond financing has also been a relevant factor in the case of the Hungarian issues. But, it was only in the case of the Nyíregyháza issue that it became possible to evaluate and consider directly, during the decision-making, an eventual reinvestment in this way.
- (2) *The marketability of bonds*: This feature of bond financing produces the fact that theoretically, more funds from potential investors are available for local governments. However, in the Hungarian cases considered, the buyers of the bonds were exclusively commercial banks i.e. the advantage of bond financing *has not really happened*. In my opinion, the reason for this is partly that in every case, the commercial banks themselves (moreover the bank the local government has its current account with) have organised the issue and because of this they have not considered the alternative – due to their rational self-interest. The other explanation might be that presently in Hungary, the method of capital market financing is a less accepted and widespread solution than borrowing from a bank. That is the that the issuing local governments – in case this alternative has been considered – have not taken the risk of being without buyers, even if the public issue is of a much higher administrative burden. That is why they chose private placement and taking a bank subscription warranty.
- (3) *Lower interest rate cost*: the other positive consequence of the marketability of bonds can be that several potential investors' savings can be mobilised with its help – compared to bank loans, money assets can be procured at a *lower interest rate cost*. In the Hungarian cases – since the buyers of the bonds are exclu-

sively loan provider institutions – this advantage could not be realised. Apart from that, if we neglect transaction costs, we can reckon that in the examined cases the resource cost of the bonds probably did not exceed the costs of a credit loan with similar conditions. The reason for that is that in the case of a bond issue, compared to bank loans for determined usage, generally the fundraising at the same time is of a higher volume, so because of the principle of economies of scale, the borrower can have a higher bargaining power, which can make it possible to obtain more favourable conditions. One cannot ignore the fact that together with the credit schemes directly offered by commercial banks, these should be competitive relative to state-supported investment loans. Since most of this type of scheme has a lower resource cost than that of the interest rate, taking the cost of the interest rate as a comparative basis bond issue may also be disadvantageous, compared to investment opportunities.

- (4) *Greater freedom for resource usage:* In the case of bond financing, the issuing local government can freely use the money coming in, which means it is not exposed to the constraints of bank transfers adjusted to the schedule of the project in the case of credits. In the case of the Hungarian cases studied, this type of freedom did not give any considerable appeal for choosing the bond issue. The probable reason for this is that local governments, through their other credit debts, (which are typically drawn from the current account bank) are in close daily relationship with the financial institution, so for other reasons, the bank has been controlling and monitoring continuously the local government.
- (5) *The more flexible cash flow of the bond:* The flexibility of cash-flow has been a crucial argument for all domestic issuers. Among the Hungarian cases studied, the above mentioned optional opportunities were included only in the bonds of Nyíregyháza and Miskolc. The argument for bond financing in the case of Nyíregyháza another opportunity became apparent: the entire sum of the capital payment is due at the end of the maturity, but – whether by necessity or intention – it is also conceivable that the repayment of the present sum of money will be financed by the financial instruments deriving from a new bond issue and so the obligation of the repayment of the face value will be “rolled on”.
- (6) *Local interests and transparency:* In the case of the Hungarian issues studied, this advantage of bond financing could not really be exploited and as already mentioned, only one public issue happened and the exclusive buyers of the securities were commercial banks.

4.3 The Eventual Drawbacks of Bond Financing:

- (1) *Risk Management:* In all of the Hungarian cases studied the issuers have opted for the issue warranty of involved banks. In relation to these issues we cannot talk about *risk of redemption*, since neither bond contract ensured such an optional right for the creditor – the buyer of the bond.

- (2) *Administrative requirements:* In the Hungarian cases examined, the issuers agreed that bond financing requires considerable preparations which take approximately six months. Moreover, most of the administration and work is carried out during that period. Despite this, every issuer considered these requirements acceptable and totally manageable. Considering the information obligation following the issue, the issuers agreed that although it requires time and resources, it does not mean significantly more effort than the administrative requirements of a normal investment loan provided by a commercial bank.
- (3) *Transaction costs:* In the Hungarian cases studied it can be stated that the costs mentioned *have not been considerably high*, since in the case of Debrecen County Town the costs of the expensive public issue have not even exceeded 1.5% of the face value, which would be a higher value than the additional costs of a bank loan of a similar size. However, according to the decision-makers interviewed, this factor was not really significant. The issuing local governments agreed that approximately 500 M HUF represented the face value, above which – due to economies of scale caused by fixed costs – the transaction costs did not have a decisive influence on the competitiveness of bond financing relative to bank loans either.
- (4) *State-supported loans:* Although it does not provide perfect proof of the statement – because the examined settlements involved in bond financing does not constitute a representative sample of the local government sector – however, the issuers considered had the same opinion. The most important argument of the three settlements of the greatest economic power against using investment credits was the high interest costs. These settlements could usually obtain funds of similar maturity at a lower interest rate than LIBOR+1%⁷.

4.4 The Specific Factors of Hungarian Bond Financing

- (1) *Political reasons:* Before the 2002 local government elections in Debrecen county city, the candidate for mayor declared that the city's debt would by no means continue to increase if he was elected. As he was later appointed mayor, the choice of appropriate monetary instrument was affected by his former promise.
- (2) *Experiences of the past:* The choice of bond financing has been partly promoted by the positive experiences of former issues – back in the 1990's.
- (3) *The neglect of public procurement:* In the case of every issue, a very important argument for bonds is that this way of financing does not require the local authority to announce public procurement, which decreases the administrative burden on the one hand and the issuer's responsibility on the other.

⁷ The interest rate on state-supported investment loans offered by the Hungarian Development Bank is EURIBOR+2.5 % – 3.5% (depending on objective of the loan).

- (4) *Positive examples of neighbouring settlements:* As I mentioned earlier, in the part concerning bond issues, the issuing settlements are near to each other geographically. This also contributed to the fact that every settlement had heard of the positive experiences of the other issues – and in the case Nyíregyháza and Miskolc the same person played a crucial role in the process.
- (5) *Qualified, innovative management:* In my opinion, the fact that the settlements and the local government service providers were more qualified and creative than the average Hungarian financial management, contributed to the realisation of bond issues. Because these managers had sufficient professional knowledge to courageously apply this fundraising technique, this counts as being unique and pioneering in the current Hungarian practice.

5. Conclusions

Although the presented local government bond issues bore individual, specific features as well, similar patterns and templates can be seen in the recent practice of Hungarian local government bond financing. It is apparent that local governments in Hungary are not yet able to perfectly exploit all of the valuable and imminent features of bonds being securities. In many respects, the opportunity of bond financing is considered as only an alternative technical form of borrowing even by the issuing local governments. However, these settlements are not aware of several potential advantages of the bond as a security. I believe that in today's Hungary, further valuable potential is hidden in bond financing, both for the expansion of the local governments' financial freedom, and for the financial risk handling relating to borrowing.

On the basis of the above mentioned research results, it can be stated that the regulation of Hungarian securities issues and local governments' financing by loan do not substantially hinder stock-based fundraising, according to the settlements using this manner of financing. If we consider stock market opportunities – the demand side – even more potential buyers and investors show considerable interest in local governments' bonds. Since buyers are – similar to the 1990s – only commercial banks, the present Hungarian municipal bonds can be regarded as bank loans in disguise. In contrast to this, the above mentioned local governments' issues have been successful and they consider the choice of bond financing retrospectively a good decision. It can be expected that settlements will be willing to use this type of fundraising in the near future.

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The Politics behind aiding Administrative Reform: Swedish Politicians' Views on the Technical Assistance to CEE Countries during their Transition Process

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Abstract

This paper investigates the motives and reasons behind the assistance programs to CEE countries from the perspective of the Swedish government, which was responsible for this kind of aid. How did Swedish government arrive at decisions regarding the technical assistance to CEE countries and changes therein? This paper is a follow-up on previous research by the authors on the western assistance to CEE countries during the transition process. The research revealed that such aid was often ineffective and that priorities in and the nature of aid changed irrespective of the negative side-effects on ongoing processes. Recipients blamed foreign advisors for giving inadequate advice; the Swedish foreign advisors pointed to the aid organisations, which did not provide adequate boundary conditions and the latter told us that it was all politics, decided by consecutive ministers in the Swedish government (Sobis & De Vries, 2004, 2005, 2006, De Vries & Sobis, 2006). Therefore, this paper addresses the opinions of the Swedish government.

Within the new institutional framework, two explanatory factors are mentioned: the logic of consequentiality and the logic of appropriateness (March & Olsen, 1989). The first logic assumes that decisions are calculated intentional choices based on personal preferences, in which the estimates of the merits of alternatives and their expected consequences are central. In the second logic, rule bound behaviour, in which action is nothing more than the matching of a situation to the demands of a position, dominates.

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The description of this framework constitutes the first part of the paper. This theoretical part is followed by the presentation of our empirical research. This empirical research is based, first, on interviews with Swedish officials: Prime Ministers, a representative of the Ministry for Foreign Affairs and a representative of the Finance Ministry, who were politically active during the years of 1988 – 1997. Second, it is based on an analysis of the diaries written by Swedish officials who were politically active during the years 1988 – 1997, and by some politicians who are still politically active today. Third, it is based on an analysis of the Swedish statute-books, government bills, resolutions and reports.

The paper concludes that the Swedish government's decisions on aiding CEE-countries show that the logic of appropriateness and the logic of consequentiality are not opposites or two extremes on one continuum. Rather, we conclude that decision-making processes are only seemingly based on the logic of appropriateness. When one conducts an in-depth search and distinguishes pretended and actual goals, an underlying logic of consequentiality appears.

1. Introduction

Previous research on western assistance to CEE countries, during the transition process, revealed that it was often ineffective and that priority in and the nature of such aid changed, irrespective of the negative side-effects on ongoing processes. Recipients blamed foreign advisors for giving inadequate advice (Sobis & De Vries, 2004); the foreign advisors pointed to the aid organisations which would not provide adequate boundary conditions (Sobis & De Vries, 2005); and the latter told us that it was all politics, decided by consecutive ministers in government (Sobis & De Vries, 2006).

This paper is a follow-up on this research. The aim of our endeavour is still to gain further insight into the explaining factors of the (in) effectiveness of foreign assistance programs. The research question underlying this investigation reads: What were the characteristics of the position of the Swedish government with regard to foreign assistance to CEE countries and what are the determining factors explaining their decisions regarding the provision of aid to CEE countries?

Of course, given our previous results, we wondered at the start about their reproof. Because until now, everyone had someone else to blame, we were curious whether the Swedish government would reproach the practices of the World Bank, the IMF, the UN, or the EU of which they possibly were a victim. Could they respond in a different way?

Given the numerous evaluation reports and other information about projects gathered by donor organisations, one might expect with some benevolence, that the decisions of the Swedish government were based on that information; that such decisions would be the result of an extensive weighing of the pros and cons of al-

ternatives, based on explicit political values and taking the consequences of such decisions deliberately into account. After all, we are dealing with the public sector in a decent, well-developed constitutional state, having the reputation of providing aid in a most generous and altruistic manner. They know that the consequences of their decisions can either be a big support or a burden, not so much for the decision-maker him/herself, but for the target groups. If their decision making processes proceeded along such expected lines, the blame on the politicians by donor-organisations and experts, as encountered in previous papers, has to be rejected for being nonsensical.

However, in theory, the critics might have a point. Since the early work by Cohen, March and Olsen in the 1970s, we know that decisions are often not made in the expected rational fashion (Cohen, March & Olsen, 1972). March and Olsen specified this second kind of decision-making and built a new institutional perspective around it in the early 1990s in their classic “Rediscovering institutions” (March and Olsen, 1989). We know from that literature that decisions in organisations are often emerging at random, being the consequences of processes best described with the metaphor of the garbage can, in which problems, solutions, opportunities and actors flow independently and at random until they accidentally merge and completely unpredicted decisions come about. If the decisions made by the Swedish politicians would reflect that model, there might be ground for the blame. In that case one could argue that the negative results of the technical assistance to CEE countries are a consequence of the behaviour of politicians who do not act ingeniously, but ingenuously with regard to the consequences of their decisions.

That framework makes it interesting to investigate the nature of the decision-making process on the part of the Swedish government. The next paragraph will concisely discuss this framework and address the discussion about it.

Subsequently, this paper presents research findings. These findings are based on interviews with Swedish officials: Prime Ministers, a representative of the Ministry for Foreign Affairs and a representative of the Finance department, who were politically active during the years under study, that is, 1988 – 1997. It also makes use of the diaries written by Swedish politicians active during the years 1988 – 1997, and by some politicians still active today. Thirdly, use is made of Swedish statute-books, government bills, resolutions and reports.

These results lead to quite unexpected conclusions – at least compared to our expectations at the start of the project and compared to the results of that previous research. These conclusions are given at the end of this paper.

2. The logic of consequentiality and appropriateness

March and Olsen (1989) depart from the idea that most political thinking suffers under contextualism, reductionism, utilitarianism, instrumentalism and function-

alism, resulting in explaining decisions by the logic of consequentiality. In those views, politics are seen as being all about well-calculated intentional choices based on personal preferences in which the estimates of the merits of alternatives, their expected consequences are central and power is partly determined by information and expertise (1989, p. 5). Their alternative approach focuses on the institutional structure in which politics occurs. According to them, this institutional structure provides order and influences change (1989, p. 16). Between the context in which politics takes place and the motives of individual actors, there is the institutional setting, agencies, committees that are not only arenas for contending social forces, but also collections of standard operating procedures and structures that define and defend values, norms, interests, identities, and beliefs (1989, p. 17). Within such institutions rules – routines, procedures, conventions, roles, strategies organisational forms and technologies are crucial (1989, p. 22). According to March and Olsen, rule-bound behaviour in which action is nothing more than the matching of a situation to the demands of a position dominates (1989, p. 23). Behaviour is more about obligations and duties than about deliberate choices. This is what March and Olsen call *the logic of appropriateness* which is quite different from *the logic of consequentiality*.

They see advantages in such behaviour. Such advantages arise, because this kind of behaviour promotes consistency, it avoids conflicts, provides codes of meaning and constrains bargaining within comprehensible terms and enforce agreements (1989, p. 24).

All this does not make behaviour routine, so they say. It is about applying potential relevant rules to specific situations, by criteria of similarity or difference and through reasoning by analogy and metaphor (1989, p. 25). In this conception, expertise is a collection of rules which vary over positions. (1989, p. 30) Experts learn what experts do and politicians learn what politicians do. The field of expertise is as foreign for politicians, as for most experts the political process is an alien domain of which they are ignorant (1989, p. 30). In this sense, politics is also ignorant of expertise and often trusts expertise, not because of its quality, but because the advisor is irrelevant, i.e. not ambitious and not yearning for influence (1989, p. 32). Acting according to such rules induces trust which is enhanced when the decisions are piecemeal and pragmatic and when they leave the unacceptable solutions aside.

But March and Olsen go even further. It is not only action, but also perceptions, interpretations and preferences that are shaped by institutions. That results in their beautiful description that it is not just the case that people see what is to be seen, like what is to be liked, see what they expect to see, like what they expect to like, and see what they are expected to see, but rather that people have a preference to see what they like, like what they see, like what people they trust like and see what others whom they trust see (1989, p. 44).

Therefore, expertise and information, based on independent valid and reliable, i.e. scholarly research, as such, does not influence choices. Such research is meant first and foremost as a symbol and signal that decisions are made as they ought to be made, namely intelligently, sensitive to the concerns of the relevant people, and controlled by leadership. Such processes are judged positive if that appears to be the interpretation of a decision (making process) and decision makers are eager to bring about that picture. This might explain our problem on the ineffectiveness of assistance to CEE countries during the transition process. The hypothesis might be that decisions about that aid by the politicians were not based on logic of consequentiality, but on logic of appropriateness. The idea is that politicians made their decisions not on the basis of information about the effectiveness of aid, but because they thought it proper to make those decisions irrespective of their effects.

The same goes for explaining the changing nature of the assistance projects in the 1990. In a classic way, such change is to be understood as a routine in which standard operating rules apply, as a means for problem solving, the outcome of learning or conflict, as a process of contagion or of intentional behaviour.

However, as March and Olsen (1989) see it, such change might be more solution-driven than problem-driven. Such change more often involves transformation than innovation, in which the meaning of change only becomes clear during the process and often is captured in a competency trap. Hence, institutional change rarely satisfies the prior intentions of those who initiate it (1989, p. 65). They reflect changing preferences and goals on the part of the initiator of change during the change process, but often can also be interpreted as full of rhetoric or garbage cans. This is indicated, for instance, by the finding that politicians tend to retreat in case of conflicts, have difficulty in keeping attentive to the change process and hardly ever allow evaluations of the changes made.

From the new institutional perspective, the problem we are facing regarding the aid to CEE-countries is that all stakeholders departed from logic of appropriateness. The recipients complained, because they were supposed to complain, the experts acted as experts should act – namely making the best of a situation within the limiting boundary conditions, donor organisations behaved as donor organisations should behave – namely following the rules made up by the money providers, and politicians made decisions in the way politicians are supposed to make decisions – promoting consistency, avoiding conflicts, providing codes of meaning, constraining bargaining within comprehensible terms and enforcing agreements.

The perspective of March and Olsen was widely acclaimed and applied. It was called a “contemporary classic” by Goodin and Klingemann (1996). The most well-known application came from Kingdon (1995), whose multiple streams model was directly linked to the perspective of March and Olsen.

However, although somewhat late, fierce criticism also emerged. Although several studies can be recalled, the most fun(damental) is to recall the review by

Bendor, Moe and Shotts (2001) and the reply by Olsen (2002). The criticism evolves around five points. First, there is substantial criticism, namely their argument that March and Olsen (1972, 1989) assume the existence of four streams which flow independently, namely problems, solutions, actors and opportunities. According to Bendor et al (2001), it is hard to imagine such independent streams. Solutions, participants, opportunities and problems cannot exist independently. They are necessarily linked: sometimes by definition, sometimes by mere logical reasoning. Secondly, they criticise the approach that emphasises organisational anarchy for having too little attention for the role of power, leadership, authority, control, delegation and incentive systems within organisations that try to achieve as much congruence as possible (1989, p. 173). Thirdly, they criticise the ambiguity and lack of clarity of many of the phrases used by March and Olsen. According to them, it is unclear what March and Olsen mean when they talk about organisational anarchy and temporal ordering and when they define logic of appropriateness. According to Bendor et al they transform a clear concept into a morass. Furthermore, it is unclear what the framework tries to explain: outcomes or designs of organisation. The last point is that, according to Bendor et al, theories are supposed to reduce complexity, not surrender to it, which is what the theory of March & Olsen does (Bendor, 2001, p. 185). They suggest returning to the concept of the satisfier, so named by Simon (1947, 1997), and to address the crucial issue of the aspiration level. A decision maker's aspiration level determines whether the people providing information keep on working or whether a decision is made. Such an aspiration level acts as a stopping rule: If one receives a proposal that exceeds the aspiration level, the decision-maker selects that one, and the process ends. If no proposal satisfies, the staffers keep working. If more than one proposal does satisfy, the decision-maker picks the one thought best. This approach, according to Bendor et al (2001) would make it possible to avoid the concept of randomness implied by organisational anarchy, as much as possible. This would imply that, although decision-makers never take all information into account, there might be differences between decision makers to the degree that they are rule-followers or information-followers. According to Bendor et al (2001), the way decisions are made has to be investigated empirically and depends on aspiration levels, whereas they assume that according to March and Olsen the first type of decision is without doubt the most common.

One can understand that Johan Olsen was not amused by this criticism. In his reply, he wrote angrily about the complete lack of understanding on the part of Bendor et al; their muddling the issues, the unproductive tribal warfare they produce, the unsuccessful examples and hardly promising alternatives coming from an imperialist intellectual tradition and a program that is alien to the spirit of the garbage can model and new institutionalism (Olsen, 2002, 191 – 198).

It is, however, a pity that the discussion proceeded in this way, because the issues at stake are fundamental. From the point of view of March and Olsen, the question would be whether it is possible for us to untie ourselves from the classic

notion that all behaviour is based on an implicit or explicit calculation and weighing of the consequences and whether we can accept that there is a model we can accept as an explanation for decision making processes that poses a real alternative for contextualism, reductionism, utilitarianism, instrumentalism and functionalism. From the part of Bendor et al (2001) the question is whether we have analysed behaviour thoroughly enough when we conclude on the basis of our analysis that decisions are seemingly made without using the information at hand and just on the basis of customs, norms and the position one is in.

For our search, both theories might have explanatory value. When March and Olsen (1989) are right, the Swedish politicians just acted as they were supposed to do: Making decisions without using the information at hand and without taking the consequences of the decisions into account. On the basis of that framework we might come to the conclusion that the ineffectiveness of aid was a direct consequence of rule-following behaviour, in which the consequences of the decisions made were never considered.

When Bendor et al (2001) are right, even such a conclusion would be too benevolent for Swedish politics. Following this theory we have to search for those impacts of policies – beside the formulated policy-goals – that were really important for the politicians and that might explain their decisions. Proceeding in their footsteps we would have to investigate whether there was something like a hidden agenda, which perhaps was contrary to the achievement of the official policy goals.

This discussion results in three contrary hypotheses which structure our research and of which the latter two have explanatory power for the question 'how it could be that the aid given to CEE-countries was not that effective for the recipients?', whereas the first one would induce us to continue our search.

Hypothesis 1: The ineffectiveness of the aid given to CEE-countries cannot be explained by the actions of the Swedish government. They tried their utmost to make this aid effective. That the aid was ineffective has to be explained by the behaviour of other actors whose actions limited the possibilities for the Swedish government to be effective and whose actions have to be investigated in a subsequent paper.

Hypothesis 2: The ineffectiveness of the aid given to CEE-countries can be explained by the actions of the Swedish government. The reason is that the decisions made by the Swedish government about aiding CEE countries were essentially based on the logic of appropriateness. They were not based on an abundant use of available information, by intentionally determined operational goals concerning the effectiveness of aid, or the need to solve specific and urgent problems.

Hypothesis 3: The ineffectiveness of the aid given to CEE-countries can be explained by the actions of the Swedish government, although the decisions

made by the Swedish government about aiding CEE countries were based on an underlying logic of consequentiality. They did calculate and weigh the consequences of their decisions. However, the weight of the effectiveness of the aid for the recipients was subordinate to other consequences of their decisions.

In order to see which hypothesis can be supported, we have to analyse the decisions made by the Swedish government. The outcomes of that research are presented in the fourth section. How this research was conducted is described in the next section.

3. Data and methods

This study is anchored in the previous research conducted by Sobis (2002), Sobis and De Vries (2005), Sobis and De Vries (2006) and De Vries and Sobis (2006). It is based firstly on the analysis of the Swedish official documents dealing with the Swedish aid to Central and East Europe (CEE). This includes code of statutes, government interpellations, bills, decisions, minutes and reports. In Sweden, all official documents can be found on the Internet. The home pages of the Swedish government, different political parties and Swedish International Development Cooperation Agency [Sida] were of a great service. To collect the necessary data dealing with the parliamentary debates, governmental bills, reports and decision proved time-consuming but satisfying.

A second source of interesting information proved to be the diaries written by the Swedish Prime Ministers Ingvar Carlsson and Carl Bildt, the former Prime Ministers, politically active during the period 1988 – 1997. In their books, one can find explanations why Sweden's officials made a decision to 'help' the CEE countries after 1989. Moreover, these books cast a light on the political climate in Europe and Sweden and the general vision of the Swedish politicians about the future after the fall of the Berlin Wall. The diaries have a complementary value towards the official documents.

The third source of data constituted the interviews from the previous studies about the Swedish experts/consultants and the Swedish aid organisations. Those interviews from the mentioned studies stimulated our inquiry in the actual research about the Swedish government.

Finally, we used interviews with the Aid Ministers of the Swedish Government. The aim was to understand how they perceived Sweden's roll in CEE shortly after 1989. It seemed important to ask them about their perception of Sweden's roll in CEE during transition, their views about Sweden's political influence on a great transformation and their opinions about the degree to which Sweden's actions corresponded to the needs of the post-socialist countries.

We also sent letters to eight officials of the Swedish government who were involved in the Swedish aid to CEE after 1989. Two of three Prime Ministers i.e., Ingvar Carlsson and Göran Persson, who represented the left-wing governments, answered the letter, but refused participation in the research. Ingvar Carlsson was Prime Minister during 1986 – 1991 and 1994 – 1996. Göran Persson was in charge in the period 1996 – 2006. Both perceived the Aid Ministers as the more promising source of information regarding the Swedish aid to CEE. Ingvar Carlsson recommended us to interview Lena Hjältn-Wallén, Pierre Schori, and Jan Eliasson, while Göran Persson recommended an interview Carin Jämtin. Ingvar Carlsson promised to answer some specific questions by e-mail, if it would be important for our research. However, we found quite interesting material in his book under the title: “*Så tänkte jag. Politik & dramatik*” [*I thought so. Politics and drama*] that was published in 2003 and which partly provided us with the answers to our questions. Carl Bildt – the former Prime Minister during 1991 – 1994, the actual Minister of Foreign Affairs since October 2006, and the representative of the right-wing government never replied to our enquiry about the interview. Similarly to the case of Ingvar Carlsson, we used his book “*Uppdrag – Europa*” [*Commission – Europe*] that was published in 2003. We also had a mail and telephone-contact with Kjell-Olof Feldt, who was the Finesse Minister during the years 1982 – 1990. He accepted an interview, but perceived his own involvement regarding Swedish aid to CEE too minor to be able to help us in our investigation.

The questions prepared for the politicians were close to the questions we asked the representatives of Sida in November 2005. However, it was important to ask more specific questions fitting these representatives of Government. This resulted in an interview guide for the Aid Ministers, in which the questions were divided into three thematic groups: First, the politicians' vision of Sweden's political influence on the transition in CEE after 1989; second, the politicians' strategy, organisation and changes of the Swedish aid to the CEE countries; and third, the politicians' ideas about the effectiveness and outcomes of the Swedish aid programs to CEE.

A problem was that the interviews were retrospective in character and human memory proved really deceptive and that only two Aid Ministers gave us the interviews in-depth. We do not use their names to protect their anonymity, similarly as we did in our previous articles. In this situation, the governmental documents and reports, the politicians' diaries became of huge assistance to reconstruct the political climate around the Swedish aid to CEE and to answer the research questions. We have to accept these limitations.

4. Swedish government and its aid to CEE countries

So what are the results of this investigation? This section addresses that question. It is divided into three sub-sections corresponding to the research questions and

hypotheses: The first sub-section addresses the position of the Swedish government in relation to other stakeholders. In terms of our first hypothesis, the question is whether there were other actors whose actions limited the effectiveness of Swedish aid and did the Swedish government try its utmost to make its aid effective?

All our previous papers on this subject concluded that the organisations under research were almost completely dependent on others and were limited by those other actors in their effectiveness. According to them, they all tried to do their utmost to be as effective as possible within the limiting boundary conditions set by someone else. So, the first thing we did was to investigate whether this could also be the case for the Swedish government. It would save a lot of trouble if it was clear from the start that the Swedish government was wholly dependent on others. One can think, for instance, of the World Bank (always an easy target), the European Union (never forget its bureaucracy, when you want to blame someone), the IMF or UN.

The second subsection describes the explaining factors of the changes in the Swedish aid programs and the factors explaining this development. In terms of the second hypothesis, it presents indicators for rule-following behaviour as suggested by the logic of appropriateness. Did the Swedish government, for instance, make extensive use of available information?

The third subsection describes whether it was indeed rule-following behaviour or whether an underlying logic of consequentiality dominated. In the words of hypothesis 3, was there a hidden agenda?

4.1 The independence of the decisions

Let us first see whether the Swedes were serious about giving aid to CEE countries. Table 1 below presents the amount of money Sweden invested in this aid. We follow Krister Eduards' description of aid financing (Eduards, 2004) and SOU 2000:122). The Swedish government assigned about 7,012,500,000 Swedish crowns to the aid programs for the CEE and Russia during the years 1989 – 2003. This sum was divided into four three-year periods and one two-year period, which in fact was the final period of Sweden's aid to the Baltic area. Table 1 below focuses on (1) the period of aid, (2) the government's bills to the Riksdag about the principles for aid financing, (3) and the sums of money assigned to the Swedish aid to CEE for each period. Given the huge amounts – Sweden belongs to the top three nations in international aid – one can conclude that Swedish aid was a serious matter. However, it does not tell us that giving effective aid – from the point of perspective of the recipients – was a serious matter. Whether that was the case, it will be discussed in the following sections.

But were they limited or influenced by others, such as the EU? When Sweden started to help CEE, they were not in the EU structures. On July, 1st, 1991 Sweden applied for EU membership. Then the government's task was to convince

the Swedes that EU membership would be advantageous to Sweden. We wondered to what degree the government's efforts to join the EU influenced Sweden's assistance to CEE.

When asked these questions, the Aid Ministers both stated that the Swedish aid to CEE shortly after 1989 had nothing to do with the government's efforts to join the EU structures. The same opinions were shared by the experts and the representative of BITS and Sida (Sobis & de Vries, 2005; 2006). Nonetheless, Sweden's aid to CEE was frequently linked with the activities of other big financiers such as the World Bank, The European Bank for Reconstruction and Development [EBRD], and the Nordic Invest Bank [NIB].

Table 1
Swedish aid to the CEE countries during the years of 1989 – 2003

Years	The government's bills to the Riksdag	Swedish crowns
1990/91 – 1992/93	1989/90:100 1990/91:100	1 000 000 000,0
1993/94 – 1995/96	1991/92:100 1992/93:100 1992/93:179 1993/94:100	2 900 000 000,0 - 122 500 000,0 -
1995/96 – 1997/98	1994/95:160 1994/95:100 1996/97:1 1997/98:1 1997/98:70	1 700 000 000,0
1998/91 – 2000/01	1998/99:1 1999/00:1	2 400 000 000,0
2001/92 – 2003	2001/02:1 2002/03:1	1 500 000 000,0
Total		7 012 500 000,0

Source: Based on Eduards (2004), Bilaga: Promemoria. [Eduards (2004), Appendix: Memorandum.]

It was thought from the beginning that aid recipients from the CEE countries could receive resources from these banks in the form of loans for their necessary investments. The general principles for loan allocation were rather complicated. Sweden usually took the risk and borrowed money from these banks in order to lend this money to aid-recipients, however, against a higher percentage of interest. This activity proved pretty profitable to Sweden and the aid-recipients (Riksdagens snabbprotokoll, 1990/91:61, 20 §; Sobis & de Vries, 2006). By the time Sweden became an EU member, the situation changed. One of the respondents explained:

Then, Sweden experienced some pressure from the EU, but it was unnecessary because we had been involved in assistance to CEE from the beginning of those countries' transitions (Interview 1, 2006: 4).

However, the same respondent also told us that:

In the middle of 1990s, the Swedes were aware that their assistance was not only because of the close neighbourhood with the Baltic countries, but the aid was also about Sweden's EU membership. It seemed necessary to support these countries in their economic development to reconstruct their economies. However, no one knew how to do it in practice. We did not have such experiences before (Interview 1, 2006: 2).

The important thing is that none of the respondents perceived the presence of other international actors as a hindrance or limitation. On the contrary, they say that Sweden's membership in the EU structures opened new possibilities to participate more frequently in the multilateral aid programs in co-operation with the big international organisations and other Western countries. Such multilateral co-operation was discussed and decided at governmental level:

Regarding multilateral co-operation, it did not go through Sida but directly via the governments. We were co-operating with the European Development Bank or the World Bank. It was only the government that made a decision. For example, the aid dealing with the protection of the natural environment, it was thought as the common sum of money that we (the government) divided among different countries: this part of money went to Poland, this sum went to Russia and this sum went to Latvia etc. Gradually, we could see how much aid went to each of these countries. Otherwise, there was always Sida that took care about aid (Interview 1, 2006: 7).

Most respondents from our previous and actual research explained that more financiers were involved in the aid programs to CEE, when it became obvious that some post-socialist countries applied for EU membership. This fact essentially contributed to changing the attitudes of the EU members towards these CEE countries. They were immediately perceived as future partners to collaboration. Thus, it was necessary to create the proper infrastructure.

The major aim of the EU aid to CEE was to prepare these countries to fulfil the accession criteria, known as the *Copenhagen criteria*. Sweden was also obligated to participate in this process and to help the EU candidates in making progress in socio-economic reforms in line with a market economy and the EU norms and

valuations. On the one hand the subsequent changes within the Swedish aid to CEE were minor and could be seen as a continuation of the previous general objectives and operative goals. On the other hand, the changes reflected the EU demands to make more efforts in the field of the socio-economic sphere to prepare these countries for EU membership (Sobis & de Vries, 2006). Both Aid Ministers confirmed that the aid to the CEE countries was only progressing in its form and extent during this period.

This is also seen in the 1999/2000 report of the Committee of the Ministry for Foreign Affairs about the economic development and collaboration in the Baltic region. In this report, the government describes the many-faceted collaboration between Sweden and Estonia, Latvia, Lithuania, Poland, the Kaliningrad area, North-west Russia and the EU co-operation with those countries. It appears from this document that the government perceived the co-operation among the Nordic Council, Nordic Ministry Council, Barents Council, EU and the Council of Baltic states of the crucial importance for putting into practice the international institutionalisation in the mentioned countries. The report contains the retrospective presentation of Swedish politics during the years 1989 – 1999. It also shows that in the eyes of the Swedish government, Sweden's membership of the EU opened up new possibilities to collaborate as well with the EU old members as with the EU potential members.

Concluding, the Swedish government did not put the blame for the ineffectiveness of aid on anyone else. In the interviews with those directly involved, we did not find a trace of evidence that any decision made by the Swedish government was influenced negatively or limited by the actions of other stakeholders. If their decisions were limited by anything, it was their own decision to limit the amount of aid from 1,03 per cent of GNI in 1992 to 0,7 in 1997 that Pierre Schori called "the boundary of shame" (Motion, 1996/97:U209). However, it seems rather a lot compared to the aid given officially by other countries.

4.2 Following the logic of appropriateness

This preliminary conclusion of the independence of the Swedish government decision-making regarding aid to CEE, leads us to the second question, namely how to understand the decision-making process on the part of Swedish government. Were these decisions made in the classic way, thoroughly judging the alternatives and using the available information, or were they made in the new institutional way, neglecting information and just doing what one is supposed to do given the position one is in?

The respondents from previous research and the Aid Ministers admitted that at the beginning, after the fall of the Berlin Wall, the Swedish government had no planning and was just responding to the opportunities that befell them. There were plenty of private and free organisations trying quite spontaneously to help the neighbouring countries around the Baltic and Barents areas. They were storming

the government and Sida with the question on how the government could support their efforts. They had their own aims with assistance and they got the government's support often on their own conditions. They were expected only to prove that they had good contacts with the aid recipients on the other side of the Baltic Sea. These developments made the government assign the first milliard counted in Swedish crowns, for 3 years forward to help the CEE countries and Northwest Russia. At that time, the Swedish government did not seem to steer the NGO's or the private industry-companies in their assistance projects. At that time, the general aim was to support the political and economic reforms in CEE and Russia. The boards of BITS, SWEDECORP, and later Sida were obligated to take care of the signing of the bilateral contracts between Sweden and potential aid recipients. In other words, they matched partners to international co-operation and they were responsible for division of money among the Swedish actors providing assistance to CEE.

Both Aid Ministers perceived the fall of the Berlin Wall as a major chance to Sweden to create good contacts with the neighbouring countries around the Baltic Sea and the Barrens area. The Swedes wanted to make a contribution to the development of the countries in transition, such as Poland, Estonia, Latvia, Lithuania and Russia. Those states were close to Sweden geographically, historically, and culturally. One of them explained:

It was important that the Swedish political organisations and social movements could participate in the transition process in CEE. Sweden had a lot of contacts with the Polish "Solidarity movement" during the 1980s. These contacts were still there in the 1990s. It was natural to the government that in the new political situation, the Swedish social movements could influence the democratic development in Poland, of course in close co-operation with the Polish equivalents. We wanted to support the collaboration between the Swedish and Polish social movements, people to people. It was our way to work with democratic questions (Interview 1, 2006: 1).

From the Riksdag minutes, as well as from the interviews, it appears that the government was under strong social pressure at that time. The Swedes' sympathy or even compassion to the starving people in CEE meant that they wanted and demanded to increase the assistance to the former socialist countries. The government experienced a dilemma because they had to choose between assistance to CEE and help to the developing countries of the third world. The respondent explained:

We had an emotional demand for assisting Estonia, Latvia and Lithuania. We could help them with a democracy development in the framework of aid. This aid had to be concentrated in the Baltic countries. It was very difficult for us, from the psychological and pedagogical point of view, to give a priority to CEE while

Ecuador also had huge needs. But Estonia, Latvia and Lithuania are our neighbouring countries. Moreover, there were also others who involved us in this aid agenda. Furthermore, it was the result of the demand to create close relations with countries around the Baltic Sea. The Baltic Sea was poisoned and we wanted to contribute to a cleaning process (Interview 2, 2006: 2).

The Swedish society expected that “everything that Sweden had in plenty could be sent to these countries” (Interview 2, 2006: 2). The ordinary people did not think about what would happen with, for example, the Estonian peasants or carpenters, if Sweden started to send potatoes or beds to Estonia. In Sweden, they produced those commodities in abundance and so it could be shared. In general, the Swedish taxpayers could hardly understand that such assistance could only change the bad situation of the CEE countries for the worse. Even the Fast Protocol of Riksdag debates during 1990 – 1991 confirmed how close Swedish politicians were to the ordinary people’s rather naïve understanding of the Swedish aid to CEE (Riksdagens snabbprotokoll, 1990/91:61, 20 §).

At that time also, the Swedish politicians made use almost only of their private relations with the politicians from the Baltic countries. Concerning Estonia, Latvia and Lithuania, it was the Christian Democracy Parties of Finland, Norway, Denmark and Sweden that organised an international conference in which the politicians from the Scandinavian and Baltic countries could meet and discuss CEE issues together (Interview 2, 2006: 2-3). Some Swedish municipalities and county councils also initiated support of their own through their contacts and equivalents within the Baltic countries. As a result, plenty of visitors from the Baltic countries came to Sweden just to see how the Swedish model of state worked in practice. Both respondents expressed their enthusiasm about that time:

In this international co-operation without a doubt, the Swedish collaboration with the Baltic countries went over the party-boundaries. Those bridges that were created then were not only of character that assistance was provided from state to state but the aid was provided also from municipality to municipality, from organisation to organisation. Party-organisations contributed to exchanging of culture. It was a fascinating experience to Sweden that was before so isolated. Suddenly, this feeling was gone. We had some countries around us with which we had some historical and cultural bounds before (Interview 2, 2006: 3).

After these first years of ad hoc decision-making in a way so characteristic of the logic of appropriateness, one could imagine that the Swedish government would proceed on the basis of more information produced by documents and evaluations. In the autumn of 1993, Sida and BITS submitted, for the first time to the government, the annually reports about their aid-activities. These reports were de-

veloped in the publication under the title “*Svenskt bistånd 1992/93*” [The Swedish aid 1992/93]. This publication essentially contributed to increasing knowledge about Swedish aid and its better understanding. In 1994, other reports were published from various part-studies about the Swedish aid of aid. It proved that the Swedish aid is not always satisfying or in other words not always effective (Riksdagens snabbprotokoll, 1993/94:94, 4§). Thus, we asked the Aid Ministers; what role the official reports and evaluations played in their decisions about trying to improve the efficiency of Swedish aid to CEE in those years.

The Aid Ministers we interviewed shared the opinion that the evaluations of aid programs first informed the government whether the taxpayers’ money was wasted or not. They said that they knew there would always be a political discussion about ineffective aid. From the interviews, it appears that “the contents of the evaluations play a political role” (Interview 1, 2006: 10). They provide the politicians with the general understanding of international co-operation and what kind of co-operation Sweden can expect in the future:

For us, the politicians, the methods of conducting aid... we don't read too much about them. The conclusions are much more important to us. We want to have a general understanding of the aid situation. I can say that it was important to me, who conducted the evaluation [Sida or the Stockholm research Group]. (...) There were some evaluations that made us change the aid politics. However concerning CEE, I don't remember this to be the case (Interview 1, 2006: 10).

Both Aid Ministers told us that Sweden is a small country and knowing the small sums that were assigned to the assistance of CEE countries no one should exaggerate the importance of Swedish aid in relation to the needs of aid-recipients, even though one could expect better outputs, more fitted to the real needs of aid-recipients. What mattered to the politicians was not the effectiveness of their own actions, but the developments in CEE countries in general, and when those were positive, nobody was interested in the effectiveness of specific projects:

Generally, we were surprised that our neighbouring countries conducted the reforms so fast and with the limited support they received. They did it, almost by themselves. Of course, they had the most difficult job. (...) I believe that the social movements and the efforts of free organisations and private companies were of decisive importance for our international relations because even if we finished our aid to CEE, it proved that our contacts with the neighbouring countries created during the aid projects were still living. It concerns the municipalities there; we have created friendly relations and we still spend time together. We were successful in the exchange of culture. The leaders of political par-

ties have learnt from each other. It was a mutual development in favour of all involved (Interview 1, 2006: 4 and 11).

When you are looking at those countries today, then you can see very clearly what enormous development has taken place there. (...) Those impulses that we could give contributed to create a free democratic state that was totally independent of others' interest. I think that Sweden, with its aid, has contributed to the development of the CEE countries. I see it in this way from the perspective of the Ministry for Foreign Affairs that arranged the aid to CEE (Interview 2, 2006: 7 and 9).

According to the first PM in the period, Ingvar Carlsson, the logic of consequentiality was lacking until at least the second half of the 1990s. He remarked on this period:

When the Social Democratic government presented the first program to East Europe, the opposition made a big fuss, because we took away 300 millions crowns a year from the aid-subsidy. It happened to create quickly a scope for the aid to CEE while the budget was in practice completed. The government declared that it was only a temporary solution. Much bigger amounts of money would be needed. (...) Now, it was necessary to have much more money going to a new East Europe Program. In the budget-proposition for 1992/93, the liberal government proposed to spend 1-billiard crowns for co-operation with CEE out of the 1 per cent of the state budget. It is good but less good is the fact that the government still did not present a proposal of content that is more elaborate (Motion, 1991/92:U507, s. 6 – 7).

Ingvar Carlsson was of the opinion that the 'bourgeois' government presented an empty frame for their budget proposal to East Europe. It was a program without presenting any major objective or managing form. He judged the bourgeois government as being unprepared to take responsibility for the real support to CEE. They did not make a decision as to what kind of aid Sweden would be specialised in; "it showed a lack of respect for the Riksdag and its responsibility for the state budget" (Motion, 1991/92:U507, s.7). He explained:

This unclear situation brings about that planning of future efforts is stopped. Instead of speeding up co-operation with CEE, it slows it down. The government loses valuable months in a process that has already been established under great pressure. Our neighbouring countries cannot draw any conclusions about what they can count on (...) The government says that they are going to establish a special fund of knowledge and a special committee in the Government Office to manage support [to CEE]. It is unclear,

if the government wants to create a new public administration or advisory efforts to help them make a decision. The government has good reason to take advice in an organised way from engaged experts. However, if the government wants to create a new decision-making order, it can essentially contribute to the growing problem of bureaucracy. They create the new efforts when no one needs them (Motion, 1991/92:U507, s. 7 – 8).

Thus, Ingvar Carlsson had a different vision about the Swedish aid than the bourgeois government had. He also presented his views in Motion [Resolution] 1993/94:U212. This document was, in general, about Swedish aid politics, its tradition and its role to the common future. The most interesting part concerns the Social Democratic Party's understanding of good aid, inclusive the aid to the CEE countries:

We know today a lot about how good aid looks. We have experiences both from the Swedish and international aid. The Development Assistance Committee [DAC] of OECD have set the guiding principles that are of great importance – ‘best practices’ that were based on the best experiences of practical assistance work that one can find. Sweden has provided aid that to a high degree lives up to these demands. Due to this assistance and due to our own country, because of our identity and our interest, we will continue to demand much from ourselves. (...) Sweden has to work internationally in order to increase the world's collected aid (Motion, 1993/94:U212, point 10, s.13).

Other examples of the logic of appropriateness are abundant. Due to the limitations of this paper, we will give just one more example of argumentation that is not oriented by goal achievement, but by doing things as they are supposed to be done. It refers to a speech in 1993 by Alf Svensson, in which he argued:

We want to have a system that is similar to the systems of others aid-givers. We are talking quite often about ‘likeminded’ states in the political context of aid and then we mention always Norway, Denmark, and the Netherlands. Norway, Denmark, the Netherlands and Sweden constitute a class for themselves. Let us say that. Those countries have never used the contracts that we have. I do not want to say and I do not believe that no one in this Riksdag will believe that their aid is less long-term than our Swedish aid. Other authorities like a side of Sida, I think about SAREC and BITS can, without any doubt, establish long-term co-operation without land-frame. (...) The Social Democratic Party say in their bill that they will have strong authority with competence and professionalism. Yes, we also want that. (...) The

Commission of Inquiry's recommendation points out the demand of competence and its importance. The proposals are based on the goals- and result steering. (...) The government authority [Sida] receives a growing freedom in agreement with their various working methods to find effective solutions of problems in aid-work in order to reach objectives (Riksdagens snabbprotokoll, 1992/93:113, 6§, Speech 65).

Therefore, one can conclude that the orientation of the Swedish government seemed hardly based on the logic of consequentiality. Another indicator is that it delegated all the operational matters to their administration. Accordingly to the Swedish tradition of state administration, the assignment of money to Swedish aid from the state budget and the creation of guiding principles was the government's duty, while public authorities such as BITS, SWEDECORP or Sida were responsible for putting into effect the government's decisions in the framework of financial possibilities. One of the respondents said about the general objectives and the operative goals: "That was Sida's task; they were responsible to carry out the Swedish aid" (Interview 1, 2006: 4). The same person said: "Sida also divided money among various actors [such as the church, parties, municipalities, county councils and companies from industry] participating in aid projects" (Interview 1, 2006: 5).

We did not find any confirmation from Sida's representative, who complained over the government's uncertain regulations (Sobis & De Vries, 2006). According to them, government's regulations negatively influenced the possible effectiveness of aid programs to CEE. But it seems that the personnel of donor organisations had formulated the general objectives and the operative goals even before the government officially declared the first guiding principles for aid in their bills to the Riksdag.

Some consultants and experts of whom the opinions were presented in previous research, shared the opinion that the regulations sometimes implied that it was forbidden, for example, to prolong any aid program, even if that program was useful to aid-recipients or that it was impossible to hire local competence from aid recipients within the framework of the Swedish aid program (Sobis & de Vries, 2004). When we interviewed the representatives of BITS and Sida, it proved that they were blaming the government for creating such strict and sometimes ambiguous rules (Sobis & de Vries, 2005). We asked the Aid Ministers about the government's regulations for BITS and Sida. We wondered how they could explain the negative impact of governmental aid-regulations on the effectiveness of the Swedish aid-programs to CEE.

Both Aid Ministers emphasised that BITS and Sida had enormous freedom in providing Swedish aid to CEE. They almost had their internal regulations that were the result of their own translation of the governmental guiding principles:

We (the government) decided only the sums of money and the general guiding principles for aid. After this, it was Sida itself, which decided details. [Regarding e.g. hiring of local competence] I hardly believe that the government created such regulations. However, it should be controlled if it was something like that. We had some government's documents but not too many. We sent, of course, letters to Sida, in which we explained the government's decisions but we did not give any detailed instructions such as dealing with the employment possibilities of local experts from aid-recipient countries in the framework of the Swedish aid program. No, I don't remember that. I don't understand it (Interview 1, 2006: 7 – 8).

I don't recognise the picture. I would like to say that Sida had their hands completely free and I don't remember any situation of interrupting international co-operation if there weren't serious political reasons behind that. It never happened towards CEE. I dare to say that the aid to CEE characterised a great administrative generosity... or whatever you want to call it. Of course, there were some limitations. When the CEE countries were waiting for our assistance then we took the resources from Africa or Latin America. (...) I wish we could do something more but our aid constituted only 1,03 per cent of GNI in 1992 (Interview 2, 2006: 6).

Not only is this important for the confrontation with the replies of donor organisations, but the statement says something more. It tells us that, in the words of the Swedish politicians, the effectiveness of the aid simply was not their business, since they delegated the actual work to donor organisations such as BITS, Sida and SWEDECORP. The only possible conclusion on the basis of the above is that the decisions on aiding CEE-countries by the Swedish government are characterised, to a large extent, by the logic of appropriateness. They seemed not to be bothered by choosing among alternatives based on expected outputs and the weighing thereof in choosing among projects or countries to be aided. They did not make thought-through plans to help the transition countries in their development. They did not bother to look at the available information e.g. the evaluations about the effectiveness of the aid provided and seemingly supported any alternative that came around and that improved relations with their neighbouring countries. It is also striking that they simply wanted to have the aid organised like other countries organise it, that is, to do things as they are supposed to be done.

Although this section is unproven – nothing can prove what really happened – it gives abundant indications that the way the decisions by Swedish government came about, is a reflection of the logic of appropriateness.

4.3 Official and hidden agendas

The conclusion of the previous section does, according to Bendor et al (2001), not imply that there was not an underlying logic of consequentiality that steered the government's decision making. This last subsection analyses whether the indicators for the use of the logic of appropriateness really describe the actions by Swedish government or that underneath there still is the logic of consequentiality, indicated by the existence of a hidden agenda that explains the position of Swedish government. To denote something like a hidden agenda does not imply that it is actually hidden or just known to a few insiders. In this paper we see a hidden agenda as the actual reasons for doing something under the pretence that you have other reasons, which are either undisclosed to your audience, or known but not talked about.

In order to understand the Swedish position toward the CEE-countries one has to understand the position of Sweden at the end of the 1980s and the beginning of the 1990s. Until 1991, the Social Democratic party held a firm grip on political developments. By that time, the government was led by the already quoted Ingvar Carlsson. Sweden was not yet a member of the EU and the fall of the Berlin Wall came as a surprise. According to Ingvar Carlsson, the fall of the Berlin Wall created new conditions and opportunities for Sweden. He became convinced that it was necessary to join the European structures. The issue was rather controversial for the Swedes, but the Prime Minister admitted in his diary: "I had a political vision about Europe in co-operation" (Carlsson, 2003: 374). Many advocate that his political vision essentially contributed to the application by Sweden to EU on 1st July 1991. The government's decision seemed to be the result of developments in the world around Sweden.

Also important is that according to interview 2, Sweden had been waiting for the collapse of communist dictatorship for a long time, but when it happened, the government could hardly believe it.

The CEE liberation from the Russian occupation concerned rather Sweden's respect for a right society, in which it was necessary to build new institutions guaranteeing democracy, to build a free press, independent juridical system, a pluralist party system and establishing contacts with the world around.

It was another type of aid. It was easier for us to manage this kind of assistance geographically and practically. Suddenly, the Swedish government saw a great opportunity to use their political scientists, jurists and even public institutions. They were never used in the aid program addressing Africa and Latin America. I remember this benevolence that we had for the Baltic countries: Estonia, Latvia and Lithuania very well. It was no problem to us to start the new forms of assistance because we had every-day

contacts with these countries... Everything that we had in plenty could be positive for the Baltic countries (Interview 2, 2006: 1).

In 1991 there came a fundamental change in government. For the first time, a right-wing government came into office, determined to profile itself as anti-socialist and more cosmopolitan. This government, with Carl Bildt as PM, faced a serious economic crisis. It downsized government and at the same time laid the foundations for Sweden's entry into the EU. As to the aid to CEE countries, the high aspirations continued. Bildt writes in his diary about his opinions:

"Sweden today is a society that longs for changes. Our will to get out of isolation and to join the European Community is also an expression for the longing for the changes in our society."

"The overriding task to us during the rest of 1990s must be to help the central and eastern European countries in transition from the devastation that the socialist politics caused to the relative welfare and stability that only the free market economies and plural political systems can accomplish."

"If we are not successful with contributing to stabilizing in Central and Eastern Europe during the 1990s, I am afraid that the development within these countries can contribute to creating instability in Europe during a long time forwards" (Bildt, 2003: 118).

So the grand vision was there to 'help' the CEE countries. But as other interviewees told us, there is a big difference between general objectives and operational goals;

It is always so that the general objectives are comprehensive. They are dealing with democratisation, political pluralism, human rights and market economy et cetera. You have to find a main thread to connect the issues and find a good solution.

But, in practice, you never start any assistance with comprehensive objectives. Instead you have to begin with a little stake towards the general objective. It [the aid to CEE] was not about our "proud" objectives and the general guiding principles, but about the power to act. I believe that it was important to keep the aid within the near area. We could show in practice that we wanted to make some efforts around the Baltic Sea. Of course, there was a gap between the general objectives and the operative goals, but it did not mean that we did not know in what direction we ought to go with assistance. Assistance demanded pragmatism (Interview 2, 2006: 3 - 4).

According to interview 2, Sweden had, from the beginning, a vested interest in assisting the countries around the Baltic Sea and the Barents area. This co-operation was based on bilateral agreements. The Aid Minister explained the connection between the general/comprehensive objectives and the operative goals as follow:

It was at the beginning of the 1990s. We felt solidarity with the people living around the Baltic Sea. We wanted to facilitate the changes that would take place there. During the first phase, the general objectives and the operative goals addressed the protection of the environment. We were very close to each other, all connected to the Baltic Sea. We, as everybody else, thought – yes. When I was in Riga for the first time, I discussed the problems with one of Latvia's ministers. I asked him: where to start our co-operation? Only to begin to talk about the environment, it proved that there were plenty of things to be done immediately. We wondered, in what we ought to put the small sums of money that we had to dispose from the Swedish side. Where to start? We talked a lot about water and pollution. Then, during the discussion it appeared that the installation of water meters would be the best purpose to which we could make a contribution. Water is a free commodity, but we noticed that in Riga the consumption of water was considerably larger than in Stockholm. This situation was not due to the higher standard of life in Riga, but the result of the availability of running water in Riga everywhere. We wanted to make a contribution to water cleaning, but first we had to make an impact in Riga by finishing the waste of water. It is a good example how we could go from a general objective to an operative goal (Interview 1, 2006: 3).

Descriptions of the general objectives were also found in the Commission SOU 2000 under the title “Utvärdering av utvecklingssamarbetet med Central- och Östeuropa” written by Krister Eduards. The Commission was dealing with the evaluation of development work within CEE. The same author also described them in Sida's publications of 2004 under the title *Sweden's Support to the Transition of the Baltic Countries 1990 – 2003*. We did not find any official documents that explicitly confirmed the existence of the operative goals. Only one respondent from the study of 2005 used the concept of operative goals, when being asked about the major objectives of the Swedish aid to CEE. Then, the respondent wondered what objectives we were referring to i.e. to the general/comprehensive objectives or to the operative goals. The respondent's remark gave us the impression that the politicians and donor-organisations had two types of aid agenda – the official one and the underlying agenda. Since that time, we always asked the respondents about their understanding of the general objective and the operative goals to explain the discrepancy between these two concepts.

The interviews also indicated that the operative goals seemed to be “quiet knowledge” about which many knew, but only few were inclined to talk about. Although the operative goals are not hidden in the real sense of the word, they are kept silent, just existing on paper, without making them public. The interviews with the Swedish experts and the representative of donor-organisations (BITS and Sida) confirmed that behind the general objectives were always such operative goals. We have the impression that the operative goals were of an instrumental character and served almost only the Swedish interest, not necessarily the needs of aid-recipients. Thus, we managed to trace again the official documents and reports to find confirmation for our findings from the previous research. We found some statements that indirectly suggest that the operative goals were the real driving force behind the aid to CEE-countries.

It was the right-wing government that for the first time in 1991 introduced the special guiding principles for the Swedish aid to CEE. The guidelines for the Swedish International Enterprise Development Corporation [SWEDECORP] are a good example. According to the Swedish Statute Books 1991:840:

1 § The board of SWEDECORP was obliged to promote and contribute directly to the development of the industry and commerce in developing countries (u-länder) and CEE according to the particular guiding principles:

2 § SWEDECORP will especially, in collaboration with the Swedish International Fund AB [Swedfund International AB] contribute to developing strong enterprises within aid-recipients' countries through capital investment, firstly in co-operation with the Swedish industry and commerce, contribute to creating favourable conditions for investments and business activities within aid-recipients' countries by transfer of knowledge to industry and commerce organisations, and contribute to trade development within aid-recipients by informing and advising these countries about outlet possibilities for items and goods they can receive on the Swedish market.

3 § SWEDECORP for a task they take upon themselves in its area of activity will be paid compensation,

4 § SWEDECORP will, in their co-operation with international organisations and authorities or organisations in other countries, adapt themselves to the activity and principles of the Swedish Foreign Ministry (SFS, 1991:840).

It is striking that the guidelines impose a restriction on Swedish aid, namely that it should be beneficiary to the Swedish government and business interests. One

year later, the government introduced similar instructions for BITS. According to the Swedish Statute Books of 1992:269, BITS was expected to proceed as follows:

1 § Preparation for international technical and economic co-operation (BITS) has as a task to contribute to economic and social development within individual developing countries such as Central and Eastern Europe. BITS will, at the same time, contribute to expanding and strengthening Sweden's band with co-operation countries by efforts and collaboration with Swedish institutions and business.

2 § BITS will especially make a decision about governmental efforts in a framework of technical co-operation with some developing countries, make a decision about governmental efforts in Central and Eastern Europe, make a decision about credits to some developing countries according to regulations of 1984:1132 dealing with credits for some development purposes (d-credits),

3 § BITS will, in its co-operation with international organisations or authorities and organisations in other countries, adapt themselves to the activity and principles of the Swedish Foreign Ministry (SFS, 1992:269)

Seen in these instructions is the double objective of Swedish aid: 1) to contribute to the economic and social development within developing countries and 2) to do this in such a way that Swedish institutions and business profit. The problem is that the objectives can be and often are contrary in their effects. When that is the case one does not have to wonder what to choose. The first objective is formulated on a far higher level of abstraction than the second one. Many advocate that these governmental guiding principles constituted the foundation of the donor-organisations on which they formulated the operative goals. The aid to CEE countries was expected to promote both: the creation of profitable companies in Sweden's investment countries and also the Swedish business opportunities (Bill of 1994/95:U31; Sida, 2005; Swedfund, 2007).

Therefore, Bendor et al (2001) may well have been right when they suggested that the logic of consequentiality is also underlying the logic of appropriateness. The point is, that looking at the consequences of decisions, does not necessarily imply that the formulated goals thereof and the related consequences dominate. When giving aid to a country in need, the improvement of the recipient does not necessarily have to be the major criterion to choose among alternatives. This subsection presented indications that the protection of Swedish interests was the prime concern for the Swedish government. Of course, there were general goals in terms of the expansion of democracy, freedom and human rights, but the operational goals showed minimal aspirations regarding development in recipient countries and maximum care for the interests of Swedish business. Perhaps the Swedish gov-

ernment was championing the swift development of CEE-countries; however, their prime concern was the development of Swedish business. Two challenges they could combine through the guidelines to the donor-organisations.

This finding is not contradictory to the logic of appropriateness. A government should take care of its own people and its own business. That characterises their situation; that is their *raison d'être*, and the appropriate way for them to make decisions. One can say that the Swedish government acted in the way the Swedish government was supposed to act, but still with an underlying logic of consequentiality.

5. Conclusions

On December 13, 2003, when the defeated Iraqi president “Saddam Hussein” was caught “like a rat in a hole”, the American governor in Iraq, Paul Bremer III, told the media: “We’ve got him”. We have the same feeling now that our four-year research is finalised.

At the beginning of our endeavour, we went to the city of Lodz which we regarded as the crime scene. At the beginning of the 1990s, this big industrial city in Poland was in the middle of a process of administrative change, because of the breakdown of the Berlin Wall and the end of Soviet supremacy. It was trying to modernise its municipal apparatus and was receiving “help” in order to do so from a large number of western experts. These were paid by donor organisations, national governments and international organisations. It appeared from our first research that the words “help” and “aid” did not quite capture what was going on. Much of the aid failed to be effective and even hindered the recipients in their path to development. The billions of euros that were spent were, to say the least, hardly spent effectively and when something was done effectively, such a program suddenly was prorogued, regardless of its effectiveness.

This was the policy failure or “crime” investigated and for which the culprit was sought. So, like detectives, we went through the whole process of receiving and providing “aid” in order to understand why things happened as they happened. All those involved until now pointed to another part of the aid-chain as the perpetrator. We chased all those who were suspect, because of such accusations and listened to them. Unexpectedly, but also luckily, we did not get trapped in loops in which one actor accuses another and the latter returns the ball. Who was blamed was dependent on who was talking and the blame was always on a new actor. This made it possible to go through the whole aid-chain.

The investigation began by asking the recipients, who pointed to the lousy expertise given by foreign experts, who, according to the recipients, mostly did little more than export their own national standards, without taking the specific local circumstances into account. The research continued by interviewing the experts, who pointed at the restricting boundary conditions imposed on them by the donor

organisations which were, in their eyes, hardly advantageous. So the next suspects, i.e. the donor organisations, became the subject of research and they were asked what was going on. They told us that they were completely dependent on political decisions that hardly took the effectiveness of programs into account when dividing the budget on foreign aid.

So, at last, this research project addressed the politicians. This paper gave an account of this investigation. Until now the involved always pointed to new suspects; this is not the case for the Swedish politicians. They are sure that they are themselves responsible for the decisions made. However, their decisions were, in their own words, only general decisions based on general objectives. As politicians, they were hardly interested in evaluations or information about the operational processes or the effectiveness of projects in CEE countries. All this can well be interpreted within the new institutional framework as developed by March & Olsen (1989) in which they assume that the logic of appropriateness dominates among decision makers.

However, Bendor et al (2001), argued that such a conclusion can only be the result of a superficial analysis, since the logic of appropriateness has to have an underlying logic of consequentiality, if only because a decision-maker who does not do what he or she is supposed to do, or fails to match a situation to the demands of their own position, might face grave consequences. Therefore, we sought indicators for such an underlying logic of consequentiality and found them in the 'hidden' agenda of Swedish politicians. That agenda is reflected in the guidelines for the donor organisations. These guidelines make the need for effective aid in terms of the improvement of the recipient's situation subordinate to the need to improve the situation of Swedish business and institutions. That explains why Swedish politicians were neglecting the information about aid's effectiveness and why they put the organisation of aid at a distance, in the hands of donor organisations. All that mattered was whether the Swedish economy could profit from tied aid and that seems to us to be acting out of the logic of consequentiality.

With the benefit of hindsight and knowing the outcome, it is of course possible for a critical reader to say: "well, this is self-evident". According to us, however, it could well have been the case that Swedish government would point to other actors by which they were limited. It might also have been possible that they were really altruistic, because they have that reputation, and the outcome we present is clearly a possibility. We could not predict that this would be the outcome. Furthermore, the findings do make a difference. As a judge might say in court, it is something different when a criminal committed the crime because he was forced, or acted out of rule-following behaviour and neglect of the consequences, i.e. logic of appropriateness, or whether he had only his own interests at heart when committing the crime, i.e. logic of consequentiality. In case of a combination of the latter, which is the case here, the judgment can be much harsher than when the actions are explained differently.

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The Problems of Politicians' and Civil Servants' Status: the Specificity of Preventive European Solutions in the Scope of Conflict of Interest

Patrycja Joanna Suwaj¹

The problem of partiality in public authority's activity is an unquestionable constituent of a broader concept – conflict of interest. Conflict of interest is usually identified with the phenomenon of corruption. Conflict of interest and partiality in a public authority's activity takes place when a civil servant who decides over a case or makes a decision has, (a conflict of interest in fact) or may have, (apparent conflict of interest) an interest (financial or not) in the way the case is considered. Partiality and conflict of interest can also mean acting for your own interests, for a close person's interests or for the interests of a third party, but not acting for the public interest. Conflict of interest also occurs when there is a misgiving that the official may act so, if there is any theoretical possibility that the concern for personal interest outweighs the concern for public interest (potential conflict of interest).²

It is difficult to separate the phenomenon of partiality in public administration from 'political' partiality. This is due to the fact that many decisions are taken by politicians who hold executive posts in central or local administration (governmental or self-governmental). In all European states, political and clerical influences cover many areas of the administration's work and repeatedly in areas which are directly at risk of corruption.³

The desire to oppose the partiality (conflicts of interest in a public administration's activities) requires, both from civil servants and the political elite, to be

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2 The suggested definition is in agreement with OECD's definition – Recommendation of the Council on Guidelines for Managing Conflict of Interest in the Public Service – see at <http://www.oecd.org/dataoecd/13/22/2957360.pdf>.

3 The issue of officials' impartiality in a political party context – see P.J. Suwaj, *Gwarancje bezstronności organów administracji publicznej w postępowaniu administracyjnym*, Wrocław 2004 r., p. 110 – 116; the issue of political neutrality – see B. Kudrycka, *Neutralność polityczna urzędników*, Warszawa 1998 r.

impartial⁴ and to act for the public's welfare, especially in the case of decisions referring to areas which are considered susceptible to corruption. A legislator is required to create a set of securities against conflict of interest including system-like solutions. The solutions in this field, established by EU member states (taking into consideration the types of conflicts), refer to political, financial, philosophy of life or personal conflicts.

Instruments of prevention, as well as instruments of detection and investigation, and instruments of penalisation are accepted concerning the type of instruments protecting against conflict of interest. These regulations are partly diverse in relation to professional politicians and civil servants. They are created in parallel with neuralgic solutions from the point of view of the relation between public and private interest.

This article presents the legal solutions in the scope of conflicts of interest prevention, and concerning politicians and civil servants in selected EU member states.

The conflict of interest phenomenon is often identified with corruption, although in fact it is not corruption. It is possible that corruption exists without conflict of interests and *vice versa*. A civil servant or politician may take an action (decision) under conditions of conflict of interest (for example may take a decision for a person he/she knows), without expecting any benefits in return. On the other hand, there is the possibility of accepting financial benefits in return for taking a certain decision, which would be taken in the same context and at the same time, in spite of benefits.

The most frequent securities used against conflict of interests with a political quality refer to professional civil servants. It is understandable that politicians employed in administrative structures carry out political tasks. At the central level, they are members of political parties that are included in the cabinet team and they participate in the party's work⁵. The restrictions concerning combining posts in selected EU countries are diverse and depend on the accepted model of authority division, also in the personal area.

The restrictions may also aim at the prevention of using organisational, material or personnel resources of government administration for the party needs or may be the opposition against the abuse of authority of public offices. In some countries (e.g. Finland, France, Spain, Germany) there is a ban on holding any other public office for politicians who are employed in any political managerial posts, somewhere else (Great Britain). This decision depends on the Prime Minister's opinion on the kind of post (Latvia); in Spain, members of parliament cannot combine the

4 Impartiality as the principle of public administration functioning – see P.J. Suwaj, *Gwarancje bezstronności organów administracji publicznej w postępowaniu administracyjnym* p. 13 – 58; V. Kondylis, *Le principe de neutralité dans la fonction publique*, Paris 1994 r., p. 3 – 11.

5 see. G. Rydlewski, *Polityka i administracja w rządach państw członkowskich Unii Europejskiej*, Warszawa 2006 r., p. 101.

post with working in the private sector either. All European countries stipulate restrictions in the scope of posts' compatibility, but in Poland, France, Germany and Spain the solutions are more restrictive. The politicians chosen for territorial self-government posts may combine those with a parliamentary mandate in France and Hungary, but it is the rule that if they receive a salary for performing a public office, they cannot or can have some limitations of combining this post with employment in the private sector (France, Spain, Latvia, Germany, Poland, Portugal, Hungary, Great Britain, Italy).⁶

The Compatibility of Government Offices with a Parliamentary Mandate

The rule of combining a parliamentary mandate with presence in the government	Ireland, Malta, Great Britain
The possibility of combining a parliamentary mandate with presence in the government	Austria, Czech Republic, Denmark, Finland, Greece, Spain, Lithuania, Latvia, Germany, Italy and with some subjective restrictions – Poland and Hungary
The prohibition of combining a parliamentary mandate with presence in the government	Belgium, Cyprus, Estonia, France, Holland, Luxemburg, Portugal, Slovakia, Slovenia and Sweden

Source: G. Rydlewski, *Polityka i administracja w rządach państw członkowskich UE*, p. 165

The instruments connected with the prevention of conflicts of interest in a political sphere refer mainly to civil servants. In those countries where the civil service is the main official body, the restrictions concerning the demonstration of political views or engaging in political activities are common.

One of the most important obligations of the Civil Service Corpus in European countries is fulfilling entrusted tasks impartially, which is the result of the general rule of impartiality, included in the European countries' constitution (Spain, Germany, Luxemburg – the text of oath – and Poland) or resulting from the constitution's regulations indirectly (Italy, Portugal, Greece).

In the EU member states, the restrictions concerning the compatibility of official posts and parliamentary membership (Belgium, Finland, Greece, Holland, Luxemburg, Germany, and Poland) are common. However, in literature there is a phenomenon of civil service politicisation in some EU member states (Austria, Greece, Spain, and Great Britain) or moderate politicisation (*politicisation modérée* France)⁷. It seems that even the rules formed in a rigorous way are not an efficient barrier for the temptation of Polish political elites to interfere in assigning staff in

6 M. Villoria-Mendieta, *Conflict of Interest Policies and Practices in Nine EU Member States: a comparative review*, SIGMA Papers No 36, p. 32.

7 see. D. Bossaert, C. Demmke, K. Nomden, R. Polet (ed.) *Civil Services in the Europe of Fifteen*, Maastricht 2001, p. 34; V. Kondylis, *Le principe de neutralité dans la fonction publique*, Paris, p. 418.

the civil service – which could be seen in Poland during Prime Minister Kaczynski's regime (from 2005 till 2007). Both the specific degradation of the civil service (in 2006) to middle rank offices and managerial personnel politicisation in central administration were alarming phenomena, commented upon loudly among Polish lawyers and also in the mass media.

In the view of the previous solutions and the solutions accepted in European countries, this situation is nothing but the regress of the Institution.

Civil servants' party activity in European countries is also a subject of control, although to a different degree. All civil servants in Poland are banned from creating political parties and belonging to them (the fact that Civil Service workers are not subject to this regulation seems to be confusing), and this is also applied in Ireland. The Italian constitution stipulates the possibility to limit the right to be political party members for some groups of officials. Being a civil servant and having a parliamentary mandate are compatible only if the official's promotion is based on the criterion of full-term of service⁸. The Greek constitution prohibits, however, supporting any political parties' activities, but leaves open the possibility of being a member of a political party⁹. In Great Britain, civil servants' scripts of public speeches or publications have to be authorised by their superiors. Belgian, German, French and Portuguese regulations do not stipulate any limitations regarding political party membership, although in France and Germany there is a requirement of moderation and refraining from political activity¹⁰.

In France, for example, it is possible to perform a parliamentary mandate, provided the person is on leave of absence from his/her work in the administration; similarly the presence of civil servants in political ministerial cabinets is also accepted. In both cases, public officials are guaranteed that they will be reinstated in the administration after the political activity has ceased¹¹. There are also more liberal solutions in Austria where public officials are allowed to have complete political rights, however, additional control mechanisms such as a remuneration audit are provided.

Civil servants (all or selected categories) also encounter some limitations in the area of trade union membership, trade union activity or participation in strikes. These solutions, to a different degree, are present *inter alia* in the Czech Republic, Latvia, Spain, Germany, Poland, Slovakia and Hungary.

Instruments – so-called 'property' instruments – serve to protect against conflicts of interest of a material aspect in European states. These instruments are di-

8 G. Rydlewski, *op. cit.* p. 102.

9 R. Polet (ed.) *op. cit.*, p. 35.

10 R. Polet (ed.) *op. cit.* p. 35.

11 G. Rydlewski, *op. cit.* p. 102.

verse, taking into account which kind or rigour, but refer to both politicians and civil servants performing their work at all levels of a territorial division.

Regulations of this kind form the largest group of prevention instruments protecting people from conflict of interests. Monitoring politicians' and officials' financial situations is standard in European states. Income declarations are commonly used as an instrument (Spain, Latvia, Germany, Poland, Portugal, Hungary, Great Britain, Italy; this instrument does not exist in France) but also includes property declarations in all the above mentioned countries; Poland has the most restrictive regulations against certain groups of local government officials). The family income declarations (Poland – refers to spouses, Italy, and as a voluntary declaration – Spain) and the family property declarations (Poland – refers to spouses, Hungary – refers to people living with an official and a voluntary declaration – Spain) are less frequent. In some countries, additional declarations of contract conflict of interests are applied – contracts the public official manages (Spain, Germany, Portugal, Great Britain – concerning also the interests of family and close relations, Italy), in the decision-making process and voting or a declaration of interest while preparing opinions or expertise (Spain, Germany, Portugal, Great Britain and Italy). The declarations and the statements are usually public (all declarations are public in Latvia, public awareness is somewhat restricted in Spain, Germany, Poland, Portugal, Great Britain and Italy; In France and Hungary the declarations are totally confidential).

The additional employment ban is a frequent solution – it is sometimes connected with the limitation or exclusion of the possibility to perform a public function simultaneously with conducting a business activity. In Poland and in Italy, civil servants are allowed (with certain restrictions) to participate in the organs of the Treasury or communal entities.

So-called 'post-employment' bans are also instruments protecting against conflict of interests. They limit the possibility of employment in legal entities after having worked in the administration if this entity was supervised or audited by the civil servant or if the civil servant signed a contract with it or make decisions concerning it.

These kinds of solutions are stipulated by British, Czech, French, Spanish, Polish, Portuguese and Italian regulations.

In European countries' regulations there are also solutions that specify restrictions or bans in relation to receiving gifts. They also concern the control of these phenomena (e. g. France, Spain, Hungary, Poland, Great Britain, and partly Germany).

The regulations on a relative employment ban or the institution of exclusion which are present in legal systems inter alia in France, Latvia, Spain, Germany, Poland, Portugal, Hungary, Great Britain and Italy are solutions which are favourable for the protection against personal conflict of interests.

Ethic codes, which are increasingly accepted, concerning EU civil servants – European Code of Good Administration – and all clerical corpora within member states (inter alia Cyprus, Czech Republic, Estonia, Lithuania, Malta, Poland, Hungary, Italy) as well as certain offices (Warsaw City Hall Ethic Code) – all create neutral, political attitudes. In Great Britain, the preparation and implementation of a Ministerial Code aimed at arranging public life in agreement to basic ethical principles applies to ministries. Ethical codes in other countries constitute a supplement to legal regulations and are of an internal character. Therefore, their role should not be overvalued as they do not compromise the source of civil servants' obligations but simply complete binding legal acts.

The rules for administrating public affairs, setting standards of behaviour and inspiring officials' actions, are usually found in legal regulations of a different rank: beginning with the Constitution, through parliamentary acts, concluding with case-law rules and judiciary opinions relevant to administrative issues.

This situation is typical in Belgium, France, Greece, Ireland and the United Kingdom¹². Other countries [Austria (from 1925), Bulgaria (1979), Denmark (1985), Spain (1958), Holland (1994), Germany (1976), Poland (1960), Portugal (1991), Hungary (1957)] may boast about their codes of administrative procedure where some rules were collected and classified.

It is worth emphasising that creating special procedural regulations as ethical codes is a mechanism to complete the law, whose aim is to form habits of 'decent behaviour' and 'ordinary human honesty' in a situation where it is impossible to achieve deliberate aims with the help of prohibitive and imperative norms.

¹² see. F. Cardona, *European Principles for Public Administration*, SIGMA Papers No. 27, 1999, www.oecd.org/puma/sigmaweb, p. 8.

Ministers' Advisors Interfacing at the "Summit": The Case of Estonia

*Maria Keris*¹

Abstract

The last decades in political and social sciences indicate the high interest in researching the core executives within the government structure. The first reason is because the increased complexity of government necessitates strengthening the core executive in order for political leaders to undertake their role efficiently. The second reason is that the new complex structures and elites emerged in pursuit of more efficient coordination of the policies and politics. At the top of the executive power, the principal research object is the Prime Minister's or President's Office (PMO or PO) and its staff. But there are also those individual actors interfacing at the "summit", who play an informal or formal role as a channel between, for example, the PMO and an individual ministry and smoothing the coordination process. The principal aim of this article is to explore such links established between the individual ministry and the remainder of government institutions, and where the mechanisms and roles of ministers' personal advisors will be revealed in their performance at the summit. For empirical evidence, the author uses the data collected during two case studies conducted in the Estonian ministries in autumn 2005. In addition, two non-standardised interviews with special advisors were carried out. The main conclusions are the following: the minister's personal advisor is clearly one of the state actors, belonging to summit elites; the political background and the nature of the position, as a mixture of political and administrative roles, makes of him/her the right person to represent the individual ministry at the summit, first of all politically, but incorporating the expertise and advice of the ministry's administrative officials. The important thing is that being a hybrid of politician and bureaucrat, the division of roles is clear: inside the ministry the perception of the role of advisor is rather administrative and in the interactions with other summit elites – political.

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1. Introduction

The political-administrative dichotomy has always influenced the formation and performance of elites involved in the decision-making process. In turn, the former is much influenced by the region's leadership and management patterns. Changes in style and form in the "Administration of the Summit" (administration of the core executives; Peters et al (eds.) (2000), occur permanently and is a process in itself. For example, the results of institutionalisation or emergence of new bodies or elites within the summit, as for example, advisory bodies, ministerial cabinets etc. Those are strongly penetrated into the system of executive leadership as they tend to have such new competences that nowadays are very frequently required within the public sector in pursuit of effective coordination: to not only be a good administrator, but also a good politician. This brings the mixture of the roles (in the performance of both politicians and civil servants) traditionally seen to be either political or bureaucratic and, as a result, the new forms of leadership and management patterns emerge.

There has always been a question for the researchers to answer: how is policy mediated and what is the internal logic in the policy formulation process. It is the eternal desire to reveal the mechanisms that occur inside the "black box" (Easton, 1965). Unfortunately, politicians', bureaucrats' and service providers' mutual interdependence and interactions was, until the late 1990s, an untouched research area. This was clearly the missing link in understanding the process of policy formulation (Parsons, 1995: 462). The area of interest in this article is policy (and politics) coordination; what is the clear link with the formulation as latter and former are actually two sides of one coin.

There are a number of actors in the coordination process, but the aim of this article is to concentrate on the so-called new types of civil servants, whose political and managerial roles become interconnected. One of those new structures is the ministers' personal advisors and there is a particular interest in their interactions with the rest of the "elites" at the summit. The claim is that ministers' personal advisors are a formal channel which links the individual ministry with the PMO and other government support structures. This makes them state actors with completely different roles and performance patterns that we used to think of as being traditional bureaucratic or political roles.

In autumn 2005, the comparative case study of ministers' advisors in Estonia was carried out.² It revealed many important factors concerning actual policy and politics, culminating in different styles within a single ministry through the min-

2 see Keris, M., Salla, J. (2006): "The role patterns of minister's personal advisors in politico-administrative dichotomy. Comparative case study of two Estonian ministries"; *Paper presented to the 14th Annual NISPAcee Conference "Public Administration and Public Policy in Emerging Europe & Eurasia: For Professionalism, Impartiality and Transparency" Ljubljana, Slovenia, 11th – 13th May 2006.*

ister's advisor position. Among other issues, it was clear that an advisor has much more political-background information, which helps in smoothing the policy-making within the ministry. This information comes from the advisor's status to represent the ministry outside, for example in parliamentary commissions, acting much as a broker for the minister's policy initiatives, or at least, meet frequently with politicians and officials from other summit's structures. Such interactions with other elites lead to a certain number of questions, for example: how do these interactions result in agenda setting, policy advice and coordination/steering in a single ministry and how do they help in general coordination of national policies?

2. Summit

A summit is essentially the leadership of the executive power – presidency in the USA, the presidency and premiership in France, the Prime Minister elsewhere (Peters et al. 2000: 4). It is necessary to give a short overview of the Estonian executive leadership power.

Government, as the official institution of top executive authority, consists of 14 members³ and may not comprise more than 15 members (a rule set by the Government of the Republic Act). Ministers are divided into two categories – ministers who are the executive heads of the ministries and ministers without portfolio (The Minister of Population, Minister of Regional Affairs and Minister of Public Administration). The Head of the Government is the Prime Minister who has the right to appoint ministers or to sack them. The Prime Minister himself has no special area of responsibility within the Cabinet; however, his role, representing the state overseas, is important.

In the Constitution, the Government is defined only by its administrative functions as the top of the administration (art. 86). It is important to remember that in Estonia, the term Cabinet refers to unofficial meetings of ministers and heads of its support structures. Cabinet meetings play a significant role in policy coordinating and formulation⁴. The government also has other obligations i.e. the duty to submit draft legislation to Parliament and at the same time, the terms “policy formulating” or simply “policy” is missing in Estonian legislation (Sootla, 2001).

3 After the Parliament election held on 4th March 2007, the new coalition government, consisting of three parties (Reform Party, Pro Patria and Res Publica Union, Social Democrats), was formed. It took its term on 5th April, 2007.

4 Another organizational body which is important in dissolving conflicts and for other negotiations is Coalition Council, which consist of the representatives of the political parties who form the government.

2.1 Administrative structure

The main body which provides support services to and operates functions of the Government, as well as the Prime Minister, is the State Chancellery (Riigikantselei). It carries the main responsibility to manage relations between the Government on the one side and Parliament together with other state institutions (ministries, local governments etc.), on the other.

All administrative support structures of the Prime Minister are formal units of the State chancellery. However, there is a distinction between staff serving the leader (Prime Minister) and those assisting the government as a whole. The Prime Minister's bureau, consisting of politically appointed advisors and the Prime Minister's secretariat, consisting of non-political civil servants, are formal units of the State Chancellery, but they both are in the service of the leader – the Prime Minister.

The rest of the executive – ministries – are relatively autonomous. This is a consequence of the general tendency towards functional specialisation, increased complexity and organisational differentiation. The principal task of the Prime Minister is to coordinate the work of the government, creating a balance between different interests and networks, organised on a professional or sectoral basis. The task is to keep the fragments together and to ensure their functioning in the right direction.

The important factor about the Prime Minister's role in political coordination comes from the fact that the Estonian *government* is always *coalitional*. Estonia is a typical state with a multi-party political system. It means that normally, no party can form a Government alone and it is even difficult to join together with another party. The number of parties needed to form the majority coalition is, in most cases, 2 – 3. The Government that came into its term of office on 5th April, 2007 consists of three parties. As an unwritten tradition, the chairman of the party who wins the elections receives a proposal from the President to form a Government. However, this rule is applicable according to the existing political situation – it applies when there is a silent agreement on the Prime Minister's candidature between the political elite. In this situation, the more parties which are involved in the governance process, the more political and policy coordination are required.

Basically, the main characterisation of the Prime Minister's tasks is the political management and management of state apparatus and good governance. However, it must be mentioned that the PMO plays a leading role in the *coordination process of European Union affairs*.

The state political priorities in the EU are set by the government. The Government adopts EU policies, sets priorities, discusses all potentially sensitive issues and at its weekly sessions, endorses Estonian positions for the EU Council meetings and for those Commission proposals which require the amendment of Estonian legislation or have significant financial impact once adopted. At Cabinet meetings, members of the government discuss strategically and politically sensible questions;

in addition the government has the authority to solve those problems and conflicts, where at the administrative level, no consensus could be reached.

Each ministry is responsible in its area of competency for the formulation of national positions on the EU law drafts and initiatives. To assure a cohesive work process between the ministries, the government created a so-called Coordination Council. Its main task is to provide better preparation of materials and national positions that the government should decide on, as well as an accord between ministries, information exchange and possible problems mapping etc. The Coordination Council consists of representatives from each ministry, the Estonian Bank and State Chancellery officials, and in a position of observing members are the European affairs committee and the President's secretariat representatives.

All ministries' positions' coherency requires strong coordination. The Prime Minister is responsible for the national process of European Union affairs coordination and he or she carries the political responsibility for its efficiency. The work of the Prime Minister and the government is administered and advised by the State Chancellery, who technically serve the Coordination Council and is responsible for the European documentation systems and the control of EU laws' implementation⁵.

3. The ministers' personal advisor – a formal channel linking the summit elites with an individual ministry

The process of policy and politics' coordination involves a variety of actors at different administrative and political levels. At the top of the executive we have the Prime Minister and his Office, but the coordination of all state policies cannot be carried out by him/her alone and is difficult even with the support of the Office. The assistance of ministries and their bureaucracies is vital for coordination.

The Minister's personal advisors, who interface at the summit, clearly belong to the group usually seen as one of the groups of state actors, alongside ministers and civil servants. However, the roles that advisors play in policy making coordination often remain unexplained and undistinguished from other state actors. In this article, we concentrate on understanding the roles of personal advisors in politico-administrative coordination, taking into account factors such as the impact of vertical and horizontal coordination processes and whether advisors, in particular, have emerged as a new group of elites at the summit.

In the following, we give a general overview of a minister's advisor position.

⁵ For more information on coordination of European Union issues in Estonia see the website of State Chancellery <http://www.riigikantselei.ee/?id=5024>.

3.1 General structure of minister's advisor's position

In Estonia, the formal position of minister's advisor is regulated, as are the positions of civil servants, by Public Service Act. It makes the advisor's position part of a state bureaucratic administration and it applies most of the regulations to advisor that apply to other civil servants. The most significant difference between a minister's advisor and other civil servants in formal terms is the fixed term of service – a minister's advisor is appointed to the post and leaves the office with the minister. Another significant difference between a minister's advisor and other senior civil servants concerns the way they are appointed to the post – as a rule senior officials come into office through open competition, but ministers' advisors are appointed solely by a party or minister.

Although the minister's advisor is not formally a civil servant, it is very often required that he or she would act as one. On the other hand, an advisor has to be loyal to the minister and strictly follow political guidance. The field of action of an advisor can therefore be described as an overlap between politics and administration.

Although the Estonian Public Service Act does not directly define the number of advisors per minister, it has become usual for a minister to have maximum two or three advisors who form the minister's *political* back-up team. This number is comparable with other European countries. As opposing examples, France and the United States can be cited where the number of politically appointed civil servants is much higher. The difference is rooted in the historical and traditional evolution of the civil service system. With politically appointed civil servants, there is an attempt to bind into an integrated picture, political intentions and administration (Peters 2001: 88).

Today, most of the ministers in Estonia have two advisors⁶ and they report directly to the minister, although there are some cases where it the secretary general gives tasks to the advisor in order to allocate human resources more effectively. Two advisors within one ministry have different responsibilities; this is seen clearly when we look at the main directions of communication of an advisor. Usually, one of the advisors is described as a party's advisor who helps the minister on political issues and acts as a communication bridge with the party and he/she also communicates with the public when required. The other advisor is active on ministerial and policy issues; he/she is competent, loyal and helps the minister on issues which require a deeper understanding on ministerial issues.

3.2 Advisor's potential for better coordination

From this overview we can see that the roles of ministers' personal advisors are a mixture of politics and administration. The advisor is therefore not only a good ad-

⁶ For a detailed overview on the composition of Estonian government, its ministers and their personal advisors with the political affiliation of the latter, see Annex 1.

ministrators, but also a good politician. The variety of roles – political, policy, technical and representational – impose a certain set of dilemmas, but can also be seen as a good point. Previously, in the introduction, it was stated that nowadays, such a mixture of functions is required in the pursuit of better coordination. Therefore, here is the first evidence and potential for personal advisors to play a significant role at the summit.

The other important fact from the given overview is that advisors are formally integrated into the ministry's administration, which is an advantage in controlling and coordinating policies inside and outside the ministry.

In autumn 2005, the comparative case study of ministers' advisors in Estonia was carried out. It revealed many important factors concerning the actual policy and politics presenting different styles within a single ministry through the role of minister's advisor position.

Amongst other issues, it was clear that the advisor has much more political-background information which helps in smoothing out policy-making within the ministry. This information comes from the advisor's status to represent the ministry outside, for example in parliamentary commissions, therefore acting as a broker for a minister's policy implementation, or at least, meeting frequently with politicians and officials from other summit's government structures. Such interactions with other elites lead to a certain number of questions, for example: how do these interactions result in agenda setting, policy advice and coordination/steering in a single ministry and how does it help in general state policies' coordination?

In their work on ministers' personal advisors' roles in an administrative-political dichotomy, Keris and Salla (2006) focused on the internal logic, processes and mechanisms of policy-making and implementation inside the individual ministry and they solely looked at the communication patterns with the ministry's officials. The aim of this article is to work further with the empirical material collected during the case studies carried out in autumn 2005.

At this point we will look closer at the advisors' interactions with other elites interfacing at the summit. According to previous study conclusions, there are different types of advice and advisors, so, we can assume it would also have its impact on how ministers' personal advisors will act at a "summit." The principal aim of this article is to explore the links established between the individual ministry and the remainder of the government institutions, and where the mechanisms and roles of ministers' personal advisors will be revealed in their performance at the summit.

4. Empirical study description

This article is based, on the one hand, on the data collected during the empirical study, which was conducted in Estonian ministries in autumn 2005. Specially de-

signed interviews were held in order to investigate the role of ministers' personal advisors. Two ministries were involved: the Ministry of Justice and the Ministry of Environment. Among the interviewees there were two chancellors, senior civil servants (Heads of department) and ministers' personal advisors (one from both ministries). There was also a study of the documents concerning the responsibilities of ministerial staff and their work order in the ministry that contributed valuable data for understanding the advisor's formal position inside the ministry. The analysis and conclusions of this study is presented in the Keris and Salla article (2006): "The role patterns of ministers' personal advisors in a politico-administrative dichotomy – the Comparative case study of two Estonian ministries".

On the other hand, in order to broaden the study, two personal interviews were carried out. The first is with the former personal advisor of the minister of Finance, and the other with the special advisor to the former Prime Minister. The principal focus of both interviews was to explore the perception of the roles of the interviewed persons (both special advisors), as well as their opinion on the general functions of special advisors in the policy coordination process, the coordination mechanisms and styles of communication.

5. Advisor interfacing at the summit

5.1 Coordination functions

The byword in the analysis of the special advisors' roles and their functions at the summit is 'coordination'. The reason for this is that coordination, by definition, involves a variety of actors at different political and administrative levels, thus creating an arena for the interactions of many state actors: politicians, bureaucrats, interest group representatives, special advisors and other elites. Such interactions are the area of our interest, the subject field of the study. However, we will focus on ministers' personal advisors.

The approach which is chosen to analyse the roles and functions of the ministers' personal advisors in the policy coordination process is, first of all, to view the general requirements and tasks that are needed for efficient coordination from the perspective of the Prime Minister and his Office. The other essential part is the perspective of an individual ministry; however, both perspectives are rather closely interconnected. Finally, the position of an advisor in a solely political management will be viewed.

Basically, the principal tasks of the Prime Minister and his Office in the coordination process are the following (Peters et al 2000):

- providing legal and political advice to ministries preparing legislation;
- transmitting agreed government decisions to individual ministries;

- ensuring that the policies of the ministries are generally consistent with one another;
- integrating dispersed policies into ideological preferences of the government, or – in the case of coalition governments – an attempt to ensure that coalition agreements or pacts are respected;
- political management of relations with parliament, coalition parties or major pressure groups.

At least three of the above points directly refer to the relationship with an individual ministry. It requires that someone be that coordinator or coordination actors in order to fulfil the mentioned tasks.

In principle, three different areas of coordination can be seen: political coordination, day-to-day policy coordination through the interactions with other state actors (summit elites) and coordination of policies inside the ministry. Different actors can actually manage the coordination process in all three areas⁷. Following, the functions of personal advisor in the ministerial, political and general (national) day-to-day coordination with other summit elites will be reviewed.

5.2 Ministerial coordination

In the opinion of civil servants, a policy coordinator in the ministry is and should be a minister's advisor:

...An advisor always knows more than he claims to know; he can present ministry's opinions, negotiate and communicate outside the ministry – line bureaucrats have no such power, and what is more, it is not our function.

...Although civil servants can discuss different issues amongst themselves, a minister's advisor is needed to take the various concerns and opinions to the political level.

Bureaucrats also mentioned that a personal advisor is exactly the right person to be involved in politics in the way he or she mediates and transforms the positions and policy initiatives to a political level and to the summit. It should be borne in mind that in Estonia, civil servants try to keep their "hands clear and away" of everything that appears to be a political issue; so, claiming neutrality has a somewhat negative effect on the coordination and responsiveness of public officials, but is, or theoretically can be, compensated by a personal advisor.

Policy initiatives can derive from a coalition agreement, Prime Minister, parliament or ministries. The important fact is that in all cases, it is the civil servants who prepare them. Sometimes the technical details could be essential in giving a draft law a somewhat different meaning. Negotiation on policy initiatives with bu-

⁷ For example, a committee of state secretaries from various ministries meets weekly on Monday to discuss the agenda of the Cabinet meeting, government meeting and other day-to-day issues, fulfilling in this way a large amount of coordination tasks.

reaucrats is one of the tasks of a personal advisor – the so-called “pre-cooking” job, but at a somewhat lower level⁸. Here, different styles of the final policy’s proposal outcome, which is then presented to Prime Minister’s and government’s approval and to Parliament, is formed and may be observed. It depends on the style the advisor uses in his/her communication with ministry’s officials as well as his or her roles in policy formulation inside the ministry. These two dimensions were used in the case studies conducted in autumn 2005 and they formed four theoretical roles’ configurations of advisor. However, the types discovered mainly concern the advisor’s interactions with officials inside the ministry, but what we are interested in is the interactions with the other summit elites.

An important observation concerning the role perception of personal advisor is that in the opinion of civil servants, the advisor is clearly a political actor:

...The advisor is the implementer of party politics who helps the minister on political questions and preferences

‘Advisors themselves have an opposing view, though they admit having both political and administrative responsibilities’ one of them commented:

...I feel that I am a bureaucrat who is a subject of the Public Service Act and the norms laid down there. I fulfil my duties in my sphere as any other bureaucrat.”

The following figure shows the difference in opinions, not only at the middle and higher administrative levels, but we also see the perception of the role is different in the observed ministries.

Figure 1

The perception of the minister’s personal advisor’s role in the ministry

Ministry 1	Chancellor	Head of Department	Advisor
ROLE	← Politician		Bureaucrat →
Ministry 2	Head of Department	Chancellor	Advisor

Such a difference, from the perspective of a personal advisor can be explained by the following. If we compare his functions in policy coordination both inside the ministry and outside, then really, the tasks at the higher levels seem to be much more political.

8 Normally, the “pre-cooking” means negotiations on policy initiatives among ministries and staff members from the PMO.

5.3 Day-to day policy coordination – interactions with other elites

Many day-to-day and routine issues find a solution informally. One of the interviewed advisors said:

To ask a question or to find out the principal position of the ministry is possible, simply by making a phone call or writing an e-mail. Basically, very often, the right person to ask was the minister's advisor. But of course, it depended on the question.

The same scheme applies to personal advisors in different ministries – they just call or write an e-mail to one another.

But, there are also formal channels of communication between special advisors, civil servants and, for example, Prime Minister Office officials. One example is inter-ministerial committees, organised on the basis of Prime Minister or government decree and whose function is to deal with concrete questions. There are also permanent groups, such as the Coordination Council.

The minister's personal advisor represents the ministry in many of the inter-ministerial committees for two reasons. First of all, those committees are very much designed to solve technical problems, without involving politics, where a minister's participation is normally required. Secondly, ministers do not have enough time to participate in all possible committees, so when and where possible, the personal advisor can replace the minister.

5.4 Political coordination

According to Müller-Rommel (2000: 89) efficient political management in the Chancellor's Office (in the case of Germany; Prime Minister's Office elsewhere) depends upon information flow, coordination of inter-ministerial communication, and formulation and supervision of policy proposals directed to the summit. Concerning the inter-ministerial communication, this is one of the factors of a well implemented policy. In this respect, both the Prime Minister and ministries are interested in mutual co-operation and eager to know about proposals formulated elsewhere, but presented to the summit. Ministries wish to know about activities in other ministries. They should also negotiate with each other on policy initiatives and in case of disagreements, try to formulate compromises.

One of the instruments of such political coordination, besides the government's and Coalition Council meetings⁹, is the so-called "*3 o'clock Monday meeting*".

9 In Estonia, there are three types of government meeting: a) the official meeting of members of the government, held weekly on Thursday; b) Cabinet meetings – Cabinet refers to unofficial meetings of ministers and heads of its support structures. Cabinet meetings play a significant role in policy coordinating and formulation; c) Coalition Council meetings – an organisational body which is important in solving conflicts and for other negotiations; consists of government members and in addition – party officials.

According to the former Prime Minister's and former Minister of Finance personal advisors' information, the meeting was held weekly beginning at 3 p.m. at the headquarters of the leading coalition party¹⁰. The personal advisors in the ministries of the leading coalition party, as well as the Prime Minister's Bureau's special advisors were presented. In addition, the secretary-general of a party participated.

One of the interviewees mentioned:

The meeting had several purposes. First of all, each ministry's advisors¹¹ talked about what was going on in his/her area of responsibility and generally in the ministry. The information exchange was important in previewing, monitoring and controlling policy planning and implementation. Everyone received the information "first hand", without any in-between administering (e.g. from the Prime Minister's Office's officials) or through other formal channels.

Both special advisors pointed out that the meeting was also useful in resolving possible conflicts between the ministries:

In case there was a conflict between coalition party ministries, we discussed them right there at the meeting and made a decision.

If there was a problem with some ministry from the other coalition parties, then the strategy and scenarios of possible solutions were discussed. Prime Minister Bureau advisors consulted and asked for the assistance of leading party ministries regarding guiding a conflict in the right direction, politically favourable and coherent with national policy. In such cases, the party politics and the perspective of the Prime Minister, presented by his advisors, clearly had a decisive influence on the action which was to be taken than any other calculations or the perspectives of an individual ministry.

A pretty much political task, indicated by one the advisors, was to control the implementation of the coalitional policy "treaty". In this respect, such an activity has a clear overlap with the Prime Minister's, but only for the whole state policy (Advisor – within the competency of a ministry¹²).

As can be seen, the 3 o'clock Monday meeting has a very positive impact on the process of policy coordination. It brings summit state actors together and is a direct channel of communication between the elite. However, it should be said that in the

10 Both interviewees are members of one political party, previously the leading coalition party, whose chairman occupied the post of Prime Minister during the period 2003 – 2005.

11 Normally, the number is two advisors per minister.

12 Of course, advisors mostly act in accordance with minister's guidelines and the latter is politically responsible. However, some ministers need to be controlled by advisors, who might in this respect be a party official, especially sent or attached to certain ministers to "control" them.

case of especially sensible political questions, the issue is discussed either at the government meeting or in the Coalition Council. But the so-called "pre-cooking" job is carried out by the 3 o'clock Monday meeting, where ministers do not participate.

6. Conclusion

In the pursuit of more efficient coordination of the policies and politics, new complex structures and state elites emerged. Those are now strongly penetrated into the system of executive leadership. Some tend to have such new competences that are now very frequently required: to be not only a good administrator, but also a good politician. One of those new state actors is the minister's personal advisor.

Coordination, by definition, involves a variety of actors at different political and administrative levels, thus creating an arena for the interactions of many state actors: politicians, bureaucrats, interest group representatives, special advisors and other elites. The role of advisor in coordination is essential. It is, first of all, multi-faceted and secondly, gives a broader view of his/her roles as an institution not only inside the ministry, but in the whole governance structure.

In principle, three different areas of coordination can be seen: political coordination, day-to-day policy coordination through interactions with other state actors (summit elites) and coordination of policies inside the ministry.

One of the important conclusions is that an advisor perceives his role as being more political by interfacing at the summit. Inside the ministry, he or she feels, as all other civil servants, like an administrative actor. However, the civil servants themselves see a clear difference between themselves and the advisor. The more an issue is on the top, the more political skills it takes. The advisor's political task is also to substitute for the minister in inter-ministerial committees, representing the position of an individual ministry, as well as during all other possible interactions with summit elites. As well as his/her other political duties and responsibilities of minister's advisors he is also responsible for the control of implementation of a coalition treaty. The advisor checks that the policy initiatives formulated in the ministry are in accordance with coalition agreements as well as being "politically suitable".

Communication channels with other state actors are, where possible, informal and this especially concerns those summit elite members who belong to one political party. An example is the so-called "3 o'clock Monday meeting"; the meeting of special advisors from the ministries and the Prime Minister's Bureau, where the secretary-general of the party also participates. It would be true to say that the 3 o'clock meeting is one of the most important political management instruments in policy coordination.

In summary, in ministerial, inter-ministerial and political coordination of policy at a summit or inside the individual ministry, personal advisors are important

state actors. It would not be an exaggeration to conclude that have emerged as a new group of elites at the 'summit'.

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Personal interview with former special advisor to Prime Minister, 26.03.2007

Annex 1

Estonian ministers and their personal advisors in 2005 – 2007

Nr.	Ministry	Minister	Number of minister's advisors	Party the minister belongs to	Advisors' political affiliation
1	Ministry of Science and Education	Mailis Reps	1 + vice - minister and minister's secretary	Eesti Keskerakond (Central Party)	Advisor – non Vice-minister and minister's secretary – both Central Party
2	Ministry of Justice	Rein Lang	2	Eesti Reformierakond (Reform Party)	Yes, both Reform Party
3	Ministry of Defence	Jürgen Ligi	2	Reform Party	1 – non, the other – Reform Party
4	Ministry of Environment	Villu Reiljan	3	Eestimaa Rahvaliid (People's Union Party)	1 – non, 2 others – People's Union Party
5	Ministry of Culture	Raivo Palmaru	1	Eesti Keskerakond (Central Party)	non
6	Ministry of Economic Affairs and Communications	Edgar Savisaar	3	Eesti Keskerakond (Central Party)	Yes, all three – Central Party
7	Ministry of Agriculture Affairs	Ester Tuiksoo	2	Eestimaa Rahvaliid (People's Union Party)	Yes, both – People's Union Party
8	Ministry of Finance	Aivar Sõerd	1	Eestimaa Rahvaliid (People's Union Party)	Yes, People's Union Party
9	Ministry of Internal Affairs	Kalle Laanet	2	Eesti Keskerakond (Central Party)	Yes, both – Central Party
10	Ministry of Social Affairs	Jaak Aab	1 + vice - minister and minister's secretary	Eesti Keskerakond (Central Party)	Yes, all three – Central Party
11	Ministry of Foreign Affairs	Urmas Paet	2	Eesti Reformierakond (Reform Party)	Yes, both – Reform Party

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“In neither Eastern nor Western Europe are there many political leaders who are simultaneously a) genuinely interested in management issues, b) personally competent in strategic management, c) willing to formulate, state and hold to clear, prioritised goals for organisational reform and d) prepared to stand back and leave the detail to professional managers. On the contrary, most politicians are not trained in management. They are oriented to short term agendas, to elections, crises and other salient current events. Increasingly, they follow the lead of the mass media, which, on the whole, is profoundly uninterested in organisational issues or administrative details. Therefore it is seldom realistic to vest custodianship of long-term management reform and improvement exclusively in the hands of the political leadership. This may be doubly true in those eastern European states where governments have the habit of changing very frequently.

On the other hand, there are several reasons why management reform cannot or should not go forward without political engagement. To begin with, there is the strong normative argument that, in a democratic state, substantial changes to the state apparatus should not be made without the understanding and approval of ministers who are themselves elected representatives. Second, there is the more pragmatic argument that such changes are usually to some degree contested (at least in terms of bureau-politics) and therefore their successful implementation requires a certain quantum of political support. For example, paradoxically, it requires political support to set up a genuinely independent and non-party-political public service commission. Third, there is the educational point that politicians themselves can learn useful lessons from management reforms.”

(Christopher Pollitt)



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