



ReSPA

Regional School
of Public Administration

Effective Policy Making:

How to Ensure Desired Changes through Successful Implementation of Policies

ReSPA 7th Annual Conference Proceedings

ReSPA Activities are
Financed by the EU





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**Conference Proceeding
Publication**

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ReSPA is a joint Initiative of European Union and the Western Balkan countries working towards fostering and strengthening the regional cooperation in the field of public administration among its Member States. It seeks to offer excellent innovative and creative training events, networking activities, capacity building and consulting services to ensure that the shared values of respect, tolerance, collaboration and integration are reaffirmed and implemented throughout the public administrations in the region.

This activity was managed by ReSPA Training Managers Mr. Goran Pastrovic and Mr. Aqim Emurli.

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Foreword

*By Mr. Suad Music
ReSPA Director*

Public Administration in the Western Balkan region is facing permanent pressure for improvements from transition, the requirements for the rule of law, pressure from public deficits and the financial crisis, the increasing need to ensure the competitiveness of its economy and its aspiration towards European Union membership, and the further opening up and democratisation of the countries. The legal tradition of the region and influence of external change drivers have facilitated the practice of frequent changes in legislation as the most usual response to new challenges. In addition to the modest quality of legislation that is striving to provide comprehensive and sometimes ‘trendy’ solutions, weak public policy implementation has been repeatedly underlined in findings and reports on the performance of public governance in the region, by the European Union, different international organisations that are dealing with public sector performance and by domestic civil society organisations.

Supported by our partners in the region, we wanted to explore the issue of public policy implementation as the central topic of the 7th ReSPA Annual Conference. Preliminary internal discussion addressed questions such as: *What happens between policy formulation and its results; where and when does policy implementation begin and how does it relate to policy setting; what about stakeholder involvement and what are the relevant inter-organisational relationships, are they controlled, monitored and, if so, how?*

We therefore decided to start at the beginning of the policy process, looking at policy implementation in the overall ‘policy cycle’ as a general, overarching concept. We sought to explore the challenge of successful policy implementation in the context of the Western Balkans and identify good practices in the region itself as well as in the new and old member states of the European Union as sources of inspiration for the Western Balkans.

The papers that were submitted and elaborated at the Conference as well as the number and seniority profile of the presenters and participants reflected the relevance and attraction of the topic for the representatives of the Western Balkan countries and beyond. The fact and figures also demonstrated the increased visibility and reputation of ReSPA in its capacity as a Centre for Regional Policy Dialogue. As a genuine regional institution, ReSPA has followed the situation and trends in the public governance of the countries in the region and the new developments in Europe. It has adjusted its activities to meet the needs of its beneficiaries.

With this Conference we have offered a learning platform, fostering exchange of the experience and lessons learned within the region and from European Union member states. We believe that the identification of good practices in this and other areas of administrative affairs, once published, further disseminated and contextualised, will also facilitate the identification and recognition of the standards of performance of public institutions in the region. We therefore intend to continue our work in this direction.

The success of the Conference would have been difficult to achieve without the support, commitment and mobilisation of both political and organisational public administration actors in the region. Therefore, I would like to express my gratitude to all respective Ministries for Public Administration in the region and their equivalents and in particular to ReSPA's governing board members and the respective ministers: Mr. *Arsen Bauk* (Croatia), Mr. *Dusan Markovic* (Montenegro) and Mr. *Barisa Colak* (Bosnia and Herzegovina). Special thanks are due to the DG Enlargement, Regional Programmes Unit in the person of the Director for IPA Strategy and Regional Programmes, Mr. *Gerhard Schumann-Hitzler* for entrusting ReSPA with the management of IPA assistance for regional cooperation in the area of Public Administration. I would also like to express thanks to our partners, speakers and experts from the European Union and its member states for their substantial contribution and, in particular, to Mr. *Jan-Hinrik Meyer-Sahling* for his sustained efforts in compiling and analysing the Conference papers in order to ensure their publication as an additional accomplishment of the Conference.

Last but not least, my appreciation also goes to the whole ReSPA team who made a great effort to ensure that the Conference's organisation and proceedings met the expectations of our participants in every respect.

In line with the objectives mentioned above, it is my pleasure to present to you the publication devoted to the 7th ReSPA Annual Conference held on 18-19 April 2013 in Danilovgrad, Montenegro.

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Chapter 1

Introduction and Recommendations

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Challenges of public policy and administration in the Western Balkans

On 18 and 19 April 2013 the Regional School of Public Administration (ReSPA) organised its 7th Annual Conference in Danilovgrad/Montenegro. The conference was attended by delegates from the six member states of ReSPA (Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro and Serbia) and Kosovo* and representatives from the Directorate for Enlargement of the European Commission. In addition, participants came from other international organisations such as SIGMA-OECD and the World Bank, civil society organisations, academia and think-tanks from EU member states and the Western Balkans.

The 7th Annual Conference focused on the theme of ‘Effective Policy Making: How to Ensure Desired Changes through Successful Implementation of Policies’. Conference contributions addressed the various stages of the so-called ‘policy cycle’, a heuristic instrument to divide the policy process into the stages of

- Agenda setting
- Policy formulation
- Policy implementation
- Policy evaluation

The conference theme reflects persisting paradoxes of public policy and administration in the Western Balkans in relation to the main stages of the policy-making process. They include:

* This designation is without prejudice to positions on status, and is in line with UNSCR1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

- Benefits of strategic planning for the coherence and effectiveness of government policy making which are clearly recognised. Yet coordination inside government and the role of parliament remain major challenges for effective agenda setting and planning.
- Attempts to include civil society organisations in the process of policy making and implementation. Yet the scope for the participation of civil society organisations in the Western Balkans is widely criticised as limited and ineffective.
- Evidence that governments in the region invest in public administration reform programmes and the improvement of the formal-legal framework of public administration. Yet the implementation of new laws and legislation is often lagging behind and considered ineffective.
- Efforts to establish a culture of monitoring and evaluation in public administration. Yet the development of useful and reliable performance indicators remains challenging and the capacity to process the findings of evaluation studies by public administration is limited.

The contributions to this volume

The papers presented at the Conference address these paradoxes of public policy and administration in the Western Balkans. They include theoretical perspectives, good practices from the old and new member states of the EU and the experience from the Western Balkan states. This volume brings together the Conference papers. It is divided into four parts. This introductory chapter summarises the main findings of the papers and concludes with a list of lessons drawn from the conference and recommendations for the Western Balkan governments, the civil-society sector, the international community and, in particular, the development of ReSPA as a leading institution for the development of effective public administration in the Western Balkans.

Agenda setting and planning

The first part addresses the challenge of effective agenda setting and planning in government. The paper by Boehnke discusses the challenge of designing the 'perfect agenda' from a theoretical perspective. He reminds us

of the importance of anticipating challenges of policy implementation already at the initial stage of agenda design. His contribution also emphasises the role of 'reform champions' to advance items on the agenda and the need for flexibility to take into account unforeseen events and changing political interests.

The papers by Krievens, Arapi and Markovic present case studies of successful strategic planning in government. Krievens outlines how the Latvian government developed the National Development Plan for 2014–2020 within twelve months. Krievens' contribution presents important lessons for the Western Balkan states. He argues that transparency and participation by stakeholders have been at the centre of the planning success. The Latvian government even published audio recordings of coordination meetings on the internet in order to demonstrate its commitment to openness. Moreover, the Latvian example provides a model for the inclusion of stakeholders in that civil society organisations as well as politicians from both government and opposition parties were intensely involved in the planning process.

The paper by Arapi concentrates on the preparation of the National Strategy for Development and Integration 2013–2020 in Albania. It discusses the importance of central coordination and cooperation among stakeholders inside government in order to manage the challenge of integrating national development priorities, the medium-term budget programmes and the requirements associated with the EU integration process. Markovic focuses on the reform of the strategic planning framework in Serbia. The paper shows the interplay of domestic and international actors. In this case SIGMA-OECD evaluations were among the triggers for reform. Yet the reform process stresses the importance of building on established domestic institutional arrangements in order to successfully make the new planning system work.

Civil society participation in policy making

The second part of the conference focused on the role of civil society organisations in policy making and implementation. Igor Bandovic from the European Fund for the Balkans provides a comparative perspective on the relevance of civil society organisations for democratic consolidation, economic development and the European integration process in the Western

Balkans. He presents the paradox that civil society organisations have played an important role in bringing about democratic transition. Yet the influence of civil society organisations in the policy-making process remains weak.

The papers by Vidacak and Lazarevic provide case studies of the role of civil society organisations in policy making in Croatia and Serbia respectively. Vidacak's paper discusses how the Croatian government successfully institutionalised a system for the consultation of civil society organisations. He stresses the contribution of civil society participation for the quality of policy making and implementation. Most relevant in the context of the conference theme, the Croatian experience demonstrates the importance of 'learning' among civil servants. Prior to the establishment of the new institutional framework, civil servants lacked experience with consultation mechanisms. It therefore turned out to be essential to devise coordination and training mechanisms to introduce the new system and to provide an adequate amount of time for the new system to operate. Vidacak's case provides a general lesson for the progression from the adoption of new laws and legislation to successful implementation in the area of public administration reform.

The paper by Lazarevic examines the role of civil society organisations in the policy-making process in Serbia. Like Markovic in his study of strategic planning, she identifies the interplay of adaptive pressures stemming from the European integration process and domestic initiatives to strengthen the policy-making capacity. Her case study shows how the Serbian European Integration Office (SEIO) initiated a programme for collaboration with civil society organisations, specifically the establishment of Sectoral Civil Society Organisation consortia as an institutionalised consultation mechanism. However, Lazarevic argues that especially civil society organisations lack the capacity to participate effectively in the policy-making process.

The paper by Vukovic focuses on the amendment of the civil service law in Montenegro as a case of evidence-based and collaborative policy making. Her case study emphasises the contribution of the development of a 'policy paper' as a focal point for collaboration and informed policy making. The preparation of the policy paper provided an instrument for the inclusion of domestic stakeholders inside and outside government, politicians, the EU

Delegation, SIGMA-OECD and other international partners. The approach improved the quality of the legal framework and generated widespread support for the objectives of civil service reform.

The challenge of effective implementation

The third part discusses the successful implementation of public administration reform in the Western Balkans. The paper by Meyer-Sahling presents a comparative assessment of civil service reform in the Western Balkans, in particular, the extent to which civil service systems ‘fit’ with the European principles of administration as applied by the European Commission and SIGMA-OECD to accession states. He shows that Western Balkan states have made significant progress with regard to the adoption of formal-legal frameworks. Moreover, formal civil service rules are routinely applied and the benefits of merit-based systems are widely recognised among civil servants. However, the application of formal rules and procedures does not reach the desired outcomes, that is, the effectiveness of civil service rules is low. Meyer-Sahling’s study therefore shows that the implementation gap in the Western Balkans is not concerning the problem of rule evasion and a lack of rule application but specifically a lack of rule effectiveness.

The paper by Farmakoski focuses on the establishment of the new Ministry of Information Society and Administration in Macedonia. The case study discusses the importance of ex-ante policy evaluation, consultation of stakeholders inside government and the involvement of international experts in designing a new central institution for the management of public administration reform issues. Yet his contribution also points to challenges of effective implementation, in particular, the time and effort needed to make a new central institution with cross-governmental functions work.

The paper by Cardona builds on the previous two papers and, more generally, years of experience in monitoring public administration developments in the Western Balkans and beyond. Cardona stresses the importance of establishing a functioning state, a professional civil service, predictable and impartial public decision making and the delivery of high-quality public services. He emphasises that failed policy implementation should not be confused with failed organisational change management. Implementation is

a broader concept that refers to the interplay of good policy design, skilful change management as much as the smart allocation of political power and the presence of political, social and economic conditions that support the objectives of reform. Cardona therefore urges us to take into account the evolutionary nature of change in public administration rather than viewing it as a merely technical exercise.

Monitoring and evaluation

The final part of the conference concentrated on monitoring and evaluation in public administration. The paper by Vara Arribas provided evidence from the old EU member states. She compares the evaluation of the implementation of European cohesion policies in Ireland, Italy and the Netherlands. Her study provides valuable insights for the Western Balkans. It shows how the European Structural Funds provide an opportunity to overcome internal resistance of public administration in introducing evaluation practices. Yet her study also shows clearly that the approaches to policy evaluation differ across countries and that different roads may lead to effective policy evaluation. Her study therefore stresses the importance of fitting evaluation systems into local contexts to make them work effectively.

The paper by Buha, Zekovic and Karisik presents the monitoring and evaluation system of public administration reform in Bosnia and Herzegovina. Buha and Karisik provide a fascinating meta-analysis of evaluation practices. Specifically, they show how the continuous investment in monitoring and evaluation informs the revision of the evaluation methodology, in their case, from a quantitative to a qualitative approach. The paper further shows the importance of developing indicators that are useful and comprehensible for users.

Finally, the paper by Hawke presents an on-going project by the World Bank on the evaluation of public sector performance in the Western Balkans on behalf of the European Commission. Hawke stresses the need for effective evaluation to inform reform and policy. Yet he emphasises the need to develop reliable and comprehensible indicators that are useful for policy makers. The development of performance indicators will be essential for the monitoring of progress in the Western Balkans and for the design and allocation of pre-

accession support by the European Commission. The results of the project promise a major step forward with regard to the effective evaluation of public sector performance in the Western Balkans.

Lessons and recommendations

The Conference papers provide a wide range of insights with regard to the nature, drivers and benefits of effective policy making in EU member states and the Western Balkans. Lessons from good practice can be drawn with regard to all the stages of the policy cycle. Twelve core recommendations are outlined below. They represent recurring themes in the papers brought together in this volume.

The recommendations address Western Balkan governments, the civil society sector and the international community. In particular, they address the role that ReSPA might play in the development of human resources in public administration, its core role so far, but also the provision of management know-how to support strategic planning and policy development as well as the preparation, realisation and dissemination of monitoring and evaluation activities. There is no doubt that ReSPA has the potential to take a leadership role when it comes to the development of effective public administration in the Western Balkans.

1) Fostering participation to increase the effectiveness of policy making

The Conference papers demonstrate the importance of participatory and inclusive policy making. Policy making that relies on the consultation of stakeholders inside government, civil society organisations, parliament including politicians from both governing and opposition parties, and international partners generates more effective policy-making.

2) Building capacity for the inclusion of civil society organisations

The inclusion of civil society organisations may sound like stating the obvious. However, the conference contributions stress the importance of formal-legal frameworks to achieve effective civil society participation, the training of civil servants to manage consultations effectively and the development of

capacity within the civil society sector. It is therefore essential to increase capacity both in public administration and in the civil society sector in order to make participation work.

3) Supporting the emergence of responsible politicians

The inclusion of politicians may also seem self-explanatory. However, the design of policy-making structures is far too often viewed as a technocratic exercise that does not sufficiently take into account the distributive implications of institutional structures and hence their fundamentally political character. Relying on mechanisms that involve politicians in public administration reform development is therefore essential to generate understanding and to ensure that the political class approaches public administration responsibly.

4) Building grand coalitions over the foundations of public administration

It is essential to actively involve politicians from opposition parties, too. This is especially relevant for long-term planning exercises, the development of administrative reform programmes and the design of the institutional framework for policy making and public administration. Especially Krievens' paper on the development of the national development plan in Latvia showed convincingly that the inclusion of parliament and the involvement of opposition politicians increased both the quality and the legitimacy of the output. Efforts should therefore be made to forge 'grand coalitions' over the institutional design of public administration, as they are likely to enhance the stability and effectiveness of public administration in the long run.

5) Promoting transparency to increase the effectiveness of policy making and implementation

The conference papers suggest that transparency contributes to quality and trust in policy making and implementation. Transparency is closely related to effective participation in policy making. Information technology can play an important role to increase the openness of government in the Western Balkans. Efforts should therefore be made to support and encourage transparency in policy making and implementation.

6) Providing better information to increase the effectiveness of policy making and implementation

The conference papers and discussion emphasise the importance of information for policy making and implementation. Evidence-based policy making, the institutionalisation of evaluation systems and a culture among civil servants and international actors that routinely incorporates the results of monitoring and evaluation studies contributes to effective policy making.

7) Relying on systematic evidence for the improvement of policy making and implementation

The conference papers at the conference clearly confirm the need for systematic monitoring and evaluations. The value of systematic assessments of the status quo and its underlying conditions in order to generate evidence for the (incremental) improvement of policy making and implementation is clearly recognised. Yet the papers and discussion demonstrate that more efforts should be made to develop indicators that are useful for policy makers, to conduct evaluations on the basis of reliable information and to effectively communicate the results of evaluations to policy makers and stakeholders.

8) Building monitoring and evaluation capacity inside and outside government to improve policy making and implementation

Effective evaluations are not isolated, ad-hoc exercises. They require supporting structures inside government, the collection and effective storage of relevant information and collaboration within the government and with external actors such as local think-tanks, regional and international organisations including ReSPA and the research and consultancy community. Efforts should therefore be made to strengthen the capacity to conduct evaluations of policy making and implementation.

9) Communicating evidence and fostering a culture of evaluation

Several conference papers suggest that the results of evaluations are insufficiently incorporated into the policy-making and implementation process. In order to develop a culture of evaluation, it is important to raise awareness among civil servants of the benefits of systematic evaluations and to improve the communication of the results of evaluation studies. Communication is central to make better use of the insights gained by evaluation studies.

10) Training and learning to improve the quality of implementation

The papers remind everybody that new administrative frameworks are not automatically implemented. Rather, the establishment of new formal-legal frameworks, for instance, for the consultation of civil society organisations and for the management of civil servants, will need to be supplemented by mechanisms for the coordination of the implementation activities, the dissemination of information and the training of civil servants who apply new institutional frameworks. Enough time will need to be given for new rules to be applied reliably and effectively.

The paper by Vidacak on consultation of civil society organisations in Croatia particularly demonstrates the importance of investing in instruments that allow civil servants to overcome fear and learn to apply new institutional arrangements. It is therefore essential that conditionality, which is ubiquitous in the accession process, is supplemented by training and learning measures to provide conditions for the incremental improvement of the implementation process.

11) Maintaining flexibility – but avoiding instability

The conference papers and discussion showed that policy making and implementation have to be sufficiently flexible in order to accommodate changing environmental conditions. When asked about what most usually blows governments off course, the British Prime Minister Harold Macmillan once famously remarked “events, my dear boy, events.”

The quote illustrates the powerful influence of events and crises on policy making and the (natural) need to retain a certain degree of flexibility and adaptability inside government. Yet efforts should be made to develop a consensus regarding the policy-making framework and hence to avoid instability of the structural foundations of policy making and implementation.

The same tension applies to the impact of changing political agendas. Democratic governance implies regular changes in government and the responsiveness of political parties to citizens’ preferences. The situation should be avoided, however, where policy responsiveness is combined with instability and discontinuity in public administration.

12) Building intelligent institutions for a dynamic context

Finally, the conference papers remind us that post-communist transformation and pre-accession Europeanisation represent an extremely dynamic context for Western Balkan governments. The demand for the adaptability of public administration is extremely high. There is therefore a need for intelligent institutions. Yet the intelligence of institutions is fundamentally rooted in the quality of the individuals working within them. The investment in human resources, their skills and integrity, is therefore critical to the effectiveness of public administration in the Western Balkans. No doubt ReSPA will have a key role in addressing this and the other recommendations developed above.

Part 1:

Agenda Setting and Planning

Chapter 2

Effective Policy Making: Getting the Agenda Right

Rolf W. Boehnke

AGEG Associate Member

Abstract

Agenda setting stands at the beginning of the policy cycle. Getting the agenda right is decisive for effective policy making. The chapter centres around: problem recognition, problem selection, the role of champions and the decision environment, objectives and the policy-chain approach. The question is how to compose the agenda from the pool of problems in a systematic and objective way. Objective analysis of issues may be overshadowed by political considerations. Circumstances may lead to randomly selecting items for the agenda. The agenda should be seen in conjunction with the objectives that are pursued. A policy-chain approach should be chosen to assure a coherent policy through all stages of the cycle. Agenda setting according to best practices should lead to a perfect agenda. The final test, however, is whether the intended outcomes are achieved.

Background of the Policy Design: The Policy Problem

Agenda setting stays at the beginning of the policy cycle. It is therefore a precondition of effective policy making to get the agenda right. Without a well-designed agenda, effective policy making will be very difficult, if not impossible.

Efficiency and effectiveness are terms which are frequently used in economics, projects and programmes and it is appropriate to apply these concepts also in policy making. Politicians are responsible to the electorate

and have to prove that their activities lead to the intended results and are implemented in an efficient and effective way.

In the terminology of the policy cycle, as developed by Harold Lasswell (1956) and further expanded by Easton (1965), Jones (1970), Brewer (1974), Anderson (1975) and others, there are typical phases in policy making, namely:

- The recognition of the problem;
- The setting of the agenda;
- The formulation of a policy;
- The prioritisation and selection of specific measures;
- The development of alternative ways of action (laws, regulations, decrees, programmes, budgets, norms, etc);
- The implementation;
- The evaluation and lessons-learned phase; and
- The re-definition or the termination of the policy.

These phases are tools for analysing political processes. The phases depict the political process as a logical and sequential chain of decisions and actions. In the real world the phases may not neatly follow one after the other but could overlap, run parallel or even start in reverse order.

The last phase – evaluation – should be more often applied than is currently the case. An ex-post evaluation will provide information on what went right and what went wrong as feedback into the next round of agenda setting. The lessons learned will be used in evidence-based policy making.

How do we get the agenda right or, said in another way, how do we get the right problems, or mix of problems, on the agenda?

Does something like the perfect agenda exist, focusing on the main issues of a problem?

There are several ways how from a pool of problems the hopefully right ones get on the agenda, for instance:

1. The existing agenda is modified according to current circumstances and political goals.
2. A completely new agenda is built up by addressing emerging or neglected issues.
3. A combination of the two approaches.

The agenda can be formal or informal. Once the agenda has graduated to become formal, publication of the agenda and an accompanying media campaign should be considered, including social media (e.g. Facebook).

Clearly, problem recognition and agenda setting must be at the beginning of the process. A well-designed agenda is crucial but not sufficient in itself for effective policy making. Not sufficient because agenda setting must be followed by successful implementation.

Policy Objectives: The SMART(E) Agenda

The agenda should become the foundation for the policy envisaged. In case of rational selection, as well as in the case of randomly selection of agenda items, one should take the longer view and be clear about the objectives, outputs, outcomes and longer-term impact one wants to achieve by addressing the identified problem. The objectives, however, should satisfy five conditions.

Firstly, the objective should be specific. For instance, let's assume the problem is strained relations with neighbouring countries and the objective is the improvement of relations. Then it would be necessary to specify concrete areas in which to improve the relations, for instance visa policy.

Secondly, the objective should be measurable, milestones and benchmarks should be established. In the above example of improving relations, a milestone could be the opening of new border crossings. If the objective is not measurable, then there would be no way to know whether progress has been made towards reaching the objective.

Thirdly, the objective should be achievable. If, in our example, the neighbouring country is a stern and difficult adversary, or if one does not

have the necessary human and financial resources to achieve the objective, it would be better to direct the energies elsewhere and drop the point from the agenda.

Fourthly, the objective should be relevant. If nobody really cares about an issue, it would be better to abandon the matter.

Fifthly, the objective should be time-bound. There should be a realistic timeframe in which to accomplish the objective.

Putting the first letters of specific, measurable, achievable, relevant and time-bound together, one gets the word SMART. In other words, one should strive for SMART objectives. The objectives themselves, however, should be ethically justifiable, leading to SMARTER objectives.

Methodology Used: Analytical versus Random Approach

The methodology of agenda setting can be analytical and systematic or random. A random choice of policy issues should be avoided. There are numerous problems which can be put on the agenda. Only a few problems will be really new. Some problems are evident to everybody, some are dormant, some are suitable for corrective measures, and with others, nobody knows how to fix them.

The assumptions underlying the recognition of a problem must be scrutinised, in order to assure that the identified issue reflects the real problem. If a problem evidently does not need action, at least for the time-being, then the problem should not be considered. If a problem cannot be solved with the means available and the timeframe given, the issue should also not be put on the agenda. The problem may also need to be broken down into sub-components, which are easier to handle.

Let us first look at the systematic approach of problem selection, which is the one we should ideally strive for. The recognition of politically relevant problems remains at the beginning of agenda setting. There are a number of factors which make an issue politically relevant:

- The urgency of a problem. If there is, for instance, flooding due to torrential rain, this needs immediate attention.
- The severity of a problem, for instance an epidemic.
- The magnitude of a problem, such as the catastrophe at the atomic energy plant at Fukushima in Japan. There was no way the problem could be neglected, it had to be dealt with one way or the other.
- The pressure of influential groups, including non-governmental organisations and civil society. Examples are the demands of agricultural producers for subsidies or of NGOs for specific measures.
- Opinion polls and media attention, even if the issue is originally insignificant. For instance, a report on a certain matter on the first page of a popular newspaper could trigger political re-action.

In this context the debate and empirical studies on the interaction between the media and public opinion should be mentioned, pioneered by the Chapel Hill Study conducted by Maxwell McCombs and Donald Shaw (1972) in connection with the 1968 US presidential elections. They found a significant correlation between media coverage and the views of the public. Are the media driving public opinion or are they nothing but an amplifier of public opinion? The question is here left open.

Any of these relevant factors mentioned can provide a window of opportunity to put a long-favoured issue eventually on the agenda, also called agenda surfing. There is also the issue attention cycle as described by Anthony Downs (1977), whereby events, such as accidents, catastrophes or scandals, bring certain issues into prominence, which may then fade from public attention.

Objective analysis of the effects and ramifications of a problem will be overshadowed by political assessment, namely the effect on the electorate. Issues should get on the agenda through careful analysis of policy options. It is well known that political reasoning can be contrary to objective analysis.

Here we have a typical situation of long-term versus short-term effects. Usually the short-term considerations win and get on the agenda. These short-term fixes, however, often generate problems in the longer term.

Another manner of setting the agenda is described by the “Garbage Can Model”, as developed by Cohen, March and Olsen (1972), where there are no Champions but only Takers. The model captures complex decision processes. In such situations both the problems and the objectives are unclear and preferences for what should be done have not yet been established. The people involved in the decision-making process may fluctuate. Here, issues may come more or less by accident to the agenda. Solutions may be taken randomly from what has been tried before. There are people who favour certain solutions and are now looking for matching problems. Or decision makers are just searching for an opportunity to demonstrate activity. These are not the best conditions to build up an agenda for a coherent and successful policy.

Policy Design: Champions and Policy Environment

In agenda setting, somebody will have to take the initiative and this will be a person or group, which has an interest in the matter, either personally or for a general cause. One could say that a problem must find its champion. This explains why some issues get on the agenda and others are ignored.

The champion or other driving force will select the issues for the agenda on the basis of careful analysis and in line with his/her beliefs. The champion decides whether certain issues are important and whether their solution would be good for the country, the community or perhaps in the interest of his/her political party.

Agenda setting is not done in a vacuum. Firstly, there is the champion as the prime driver. This could be a single politician, party headquarters, the government, civil society groups or others. Other players will have an interest in the subject matter and may want to promote a modified agenda or completely opposite issues, known under the term ‘agenda cutting’. We should also not underestimate the influence of gatekeepers, either among one’s own staff, in the bureaucracy or in advisory bodies, which filter issues out and present problems selectively. Party discipline will also play a role.

The champion will need to be aware of these influences and use his/her network to get additional information to counterbalance one-sided views. Agenda setting is or at least should be an iterative process during which support for a particular policy is assessed. There may be a need to build coalitions. The main stakeholders should become wholeheartedly involved. However, we also know cases where stakeholder participation is only for window dressing and the input from stakeholders is later on ignored.

Policy Implementation: The Policy Chain

Let us assume that a number of issues that need to be addressed have been identified in an analytical, objective way. Synergies have been established by putting related items on the agenda. The issues have been grouped according to priorities, having regard for urgency, magnitude and effect. The choice between policy options has been made, choosing the most efficient and effective ones. Issues with low priority have been discarded. Now the draft agenda contains just a handful of carefully selected items because too many items would dilute the effectiveness of the agenda. We now may have the perfect agenda.

However, this describes ideal conditions. In the real world, political and other circumstances may not allow certain issues to be ignored and thus the agenda can become long and difficult to manage. Non-governmental organisations, which have only one issue on their agenda, are better off.

Before finalising the agenda it is recommended that it be checked whether the best alternative ways of implementation have been chosen. Will the implementation be feasible with the available human, institutional and financial resources? Will there be support or opposition from other groups? Is the timeframe realistic?

A realistic and carefully prepared agenda is a precondition for an efficient, effective and successful policy. The following steps should be observed:

- Stock taking of ongoing, neglected and new issues.
- Identifying the agenda items through careful analysis of problems.

- Choosing items systematically, not randomly.
- Prioritising issues in collaboration with stakeholders.
- Align agenda items with the stated objectives.
- Putting problems, which currently cannot be solved, on the reminder list.
- Leaving only a few items on the agenda, which preferably are mutually supportive.
- Assessing whether the agenda items, their implementation, the objectives and intended results form a coherent and realistic chain and will lead to the desired results
- As an add-on, designing an accompanying media campaign.

In order to have an operational agenda it is necessary to consider the policy chain from beginning to end, from the identification of relevant issues, the setting of the agenda through to ways of implementation to the desired result of the intervention. If all these elements fit, then the agenda should be right.

Conclusion and Lessons Learned

- Agenda setting should be made according to best practices and in an analytical and participatory way.
- Problem recognition and analytical problem selection should be at the beginning of agenda setting.
- A problem should have a 'champion' for it to be put on the agenda.
- There must be congruence between the agenda and the SMART(E) objectives that are to be achieved.
- Agenda setting should, wherever possible, be combined with an ex-ante evaluation of the policy envisaged, checking whether all elements fit together.
- The steps described above should almost generate the 'perfect' agenda. However, it must be taken into account that it also depends on circumstances whether the agenda turns out to be "right" and will succeed.

- It helps to have a logical, well-researched agenda agreed in a participatory way. The final test, however, comes during implementation. Rarely can an agenda be implemented exactly as planned and there will be unanticipated incidents.
- In politics, as elsewhere, we work in a world of uncertainties. Whether the carefully designed agenda was right, only much later will the outputs and results tell.

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Chapter 3

Participative Policy Planning: The Case of the Latvian National Development Plan 2014-2020

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Abstract

Imagine that it is 9th January 2012 and you have just been appointed secretary of a newly established state institution with two staff members, a small budget and the task of preparing the National Development Plan for 2014–2020 (NDP2020), which has to be adopted by parliament by the end of the same year. To make things more complicated, imagine that two previous attempts in the past few years failed, while expectations from the general public, different stakeholders and the political elite are high. The end of the story is an special vote of MPs on the 20th December 2012 adopting NDP2020 with 81 out of 100 voting in favour, 7 abstaining and nobody voting against, with 28 out of 81 votes coming from the opposition. This is a true story of how small team of dedicated public policy experts managed to do something that nobody believed was doable and an impressive example of unified policy planning in Latvia.

Background: The Policy Problem

Latvia has a unified and well-regulated planning system that covers both national- and local-level governments. The beginnings of the system date back to the early 2000s when the centre of the Government of Latvia at that time – the State Chancellery – started several reforms aimed at (a) ensuring that the decision-making process at the Cabinet of Ministers (CoM) was well-informed and based on analysis, (b) there were basic quality requirements and a unified structure that applied to all policy documents, (c) policies were

clearly linked with the available budget and (d) performance of policies was measured on permanent basis.

In 2003 policy planning and policy coordination reforms became an integral part of the wider public administration reform agenda and since have been developed further. The State Chancellery was responsible for management and implementation of both public administration reform and improving the public policy development process. However, some functions in regard to medium- and long-term planning were still retained in the Ministry of Regional Development and Local Government (planning at regional and local levels) and the Ministry of Economics (medium-term planning for the economic development of the country).

Independent ex-post evaluation carried out in the end of 2005 and focusing on the first cycle of introducing a unified planning system identified several problems that were not resolved and had to be finalised during the next cycle of planning. The most important of the problems were: (a) a lack of a formalised hierarchy of planning documents that led to too many long-term documents at the top; (b) a lack of a strong link between the national- and regional/local-level planning documents; and (c) unfinished linkage between the policy making, budgeting (especially medium-term) and performance evaluation.

To address these issues the CoM (2006) in autumn 2006 adopted a policy for the next cycle of introduction of a unified planning system. A clear hierarchy of planning documents was established, including linkage between the national and regional/local development programmes. Also, the system for linking the policy-making and budgeting processes was set out at the macro level.

Furthermore, the decision was made by the CoM to abolish all long-term planning documents (numbering six in total by the end of 2005) and produce only one document instead, that would become the sole long-term vision of the country's development path. In order to avoid any negative implications brought by frequent changes of coalition governments, it was also decided that two of the most important planning documents – the long-term strategy and the national development plan – would be prepared by the CoM, but

adopted by the parliament with clear rules on possible review dates and procedures.

The main implementation tool for introduction of the new system was elaboration and adoption of the Law on Development Planning System (Parliament of Latvia, 2008) that brought together different bits and pieces of policy planning already set out in legislation and introduced unified approach that has since been implemented with a short pause during the time of severe economic downturn which Latvia faced back in 2009 and 2010.

According to the Law on the Development Planning System there is a strict hierarchy of planning documents with the Long-Term Sustainable Development Strategy “Latvia 2030” (Latvia2030) at the very top and national development plan as its medium-term (7 years) implementation tool. All other sector policies at the national level and regional and local development programmes have to follow the priorities and activities set out in these documents.

The Parliament of Latvia adopted Latvia2030 (Parliament of Latvia, 2010) in June 2010 after two years of preparation performed by a group of independent contracted and well-paid experts. Due to political reasons the Parliament decided that the Ministry of Regional Development and Local Government should be responsible for its implementation coordination and monitoring. However, in less than one year, proven underperformance of the Ministry of Regional Development and Local Government together with a weakening role of the State Chancellery after change in its top management, led a group of three Members of Parliament (MPs) to initiate amendments to the Law on the Development Planning System aimed at solving these problems fast enough so as not to allow them to endanger the implementation process of the whole system.

Amendments to the Law on the Development Planning System led to the establishment of the Cross-Sectoral Coordination Centre (Cabinet of Ministers, 2011a) under direct supervision of the Prime Minister of Latvia and, among other functions, tasked with preparation of the country’s long-term and medium-term planning documents, ensuring overall policy coordination and

monitoring of policy implementation. As a result, the State Chancellery, the Ministry of Regional Development and Local Government and the Ministry of Economics were stripped of any functions related to policy coordination.

The main task of the Cross-Sectoral Coordination Centre for 2012 – the first year of operations – was preparation of the NDP2020 in order to start the first implementation cycle of Latvia2030 and thus the entire functioning of the improved policy-planning system.

In addition to all changes of the policy-planning system and institutional mechanisms for policy coordination, one should remember that Latvia was one of the countries hardest hit by the economic crisis. During 2009/2010 GDP collapsed by around a quarter, which led to huge (in comparison with other European countries) downsizing within the public administration and across-the-board cuts in budget expenditure. Despite rapid recovery in 2011 and 2012, the lessons learned from the crisis, such as the need for strict fiscal policy, still guide policy makers in all sectors. This is especially important, because of the politically set objective to introduce the Euro in 2014.

How to approach this task, how to manage the process in less than one year, given the financial and human resources constraints imposed by strict budget expenditure policy and how to ensure fulfilment all of the principles of good policy planning set out in the Law on the Development Planning System and the secondary legislation were only a few of the challenges faced by the new institution.

Policy Objectives, Limitations and Expectations

According to the Law on the Development Planning System the National Development Plan is hierarchically highest medium-term planning document in Latvia that is to be developed according to the broad objectives set out in Latvia2030. Therefore its preparation had to take into account Latvia2030 and somehow to narrow and operationalise its long-term perspective down to a seven-year period.

The Law on the Development Planning System also states that both the development part of the national budget and the European Union (EU)

structural and investment funds have to be planned according to the priorities and activities set out by the national development plan. In other words, NDP2020 had to be linked not only with the long-term policies of the country, but also to the available development funds of the budget.

Government Regulation on the Procedure of Preparation of the National Development Plan set out some limitations on the overall process, as well as on criteria that had to be used for the selection of measures and activities that could be included (Cabinet of Ministers, 2011b). In addition, the last version of the National Development Plan had to undergo Strategic Impact Assessment on the Environment, before it could be adopted by parliament.

Besides this already tough legislative framework of objectives and limitations imposed on the preparation process and the contents of the NDP2020, the prime minister set a number of very clear, but ambitious expectations that had to be reached by the team of the Cross-Sectoral Coordination Centre in regard to preparation of the NDP2020:

- It had to be prepared and adopted by parliament by no later than the end of 2012, because of the need to start consultations and the programming process on the next cycle of EU structural and investment funds as early as January 2013.
- It had to be limited in scope and in the number of priorities in order to be realistic and not to repeat the mistakes of the past two national development plans that tended to include almost everything and thus became un-implementable and largely stayed on the shelf.
- It had to be linked with the realistically available financial expenditure for the coming seven years and not exceed projections provided by the Ministry of Finance, to meet the fiscal responsibility measures promised to international lending community.
- Latvia as a Member State of the European Union had to also take into account the objectives set out in the Europe2020 strategy and the corresponding National Reform Programme for its implementation.

This set of objectives, limitations and expectations added to the already rather grim-looking prospects for success, given the restricted resources

available to the team of the Cross-Sectoral Coordination Centre and widespread disbelief among different levels of public administration in the ability to achieve results.

Despite all of this more-than-challenging environment, preparation of the NDP2020 actively started as early as mid-January 2012 – less than two weeks after the appointment of the secretary of the state institution and the overall start of operations of the institution.

Methodology Used: The Choice of Policy Instruments

Preparation of methodology for the overall approach towards production of the NDP2020 was the first step undertaken by the team (Cross-Sectoral Coordination Centre, 2012a). It was prepared in approximately two weeks and set out the main steps of the process, re-iterated and detailed the structure of the document, set out and explained the evaluation criteria for inclusion or exclusion of measures and activities, and also split the roles between the involved parties. However, the most important part of the methodology, as it turned out only later in the process, was one sentence that described the key principle of the approach – that the total amount of expenses needed to implement the NDP2020 cannot exceed the total amount of funds that Latvia has for financial investment into development (either through national sources or EU structural and investment funds).

The second deliberate choice that proved to be the key success trigger of the whole process was for the constant involvement of non-governmental actors in the supervision of the drafting process and several rounds of public consultations instead of the one formally required by legislation. In the longer run, despite this very time- and resource-consuming approach, it proved to be a success during the formal adoption process of the NDP2020 first by the CoM and then by the parliament, where the non-governmental sector posed almost no substantial objections towards the document.

Another important step in relation to non-government stakeholders was the establishment of the supervising body of the NDP2020 preparation process

according to the “50:50” rule. It meant that the body had 50 per cent of its participants from public administration (with three ministers who volunteered) and 50 per cent of them from non-governmental stakeholders like trade unions, confederations of employers, unions of local governments, councils of university rectors, etc. Later the same principle was applied also to three working groups involved in the development of the first draft of the NDP2020.

There were some important decisions taken also in regard to the choice of policy-analysis methods. The team agreed that it would not go for super-advanced methods, but rather stick with trusted and time-evaluated methods in addition to active use of any additionally available research materials (e.g. the Latvia competitiveness assessment carried out by the Stockholm School of Economics, Latvia’s agricultural and forestry sector long-term projections performed by the State Institute of Agrarian Economics, the Regional Economic Development Scenarios commissioned by the State Regional Development Agency, etc.).

In order to link the NDP2020 to long-term objectives set out by Latvia2030 two key methods were used – GAP analysis and SWOT analysis. Thorough GAP analysis compared the current situation with policy objectives set by Latvia2030 and projected indicators in 2020 and 2030. In addition Latvia’s obligations under the National Reform Programme for the Implementation of the Europe2020 Strategy were also included in the analysis. This allowed the excluding of activities in fields where Latvia was already very well advanced, e.g. environmental protection, culture and maintenance of cultural heritage, etc.

After carrying out the GAP analysis the expert team performed SWOT analysis in order to come up with a limited number of priorities and identify the key driving force or the leitmotif of the NDP2020. All of this analysis was put together by the expert team of the Cross-Sectoral Coordination Team in less than three weeks, underwent a two-week consultation process (both within the public administration and outside it), was adjusted where necessary and finally adopted by the CoM together with a decision on the leitmotif and three priorities (Cross-Sectoral Coordination Centre, 2012b).

Best-practice analysis was also employed in the initial stages of the process, looking at national development plans or their equivalents in other European countries, as well as internationally. This approach not only helped in minor re-shaping of the structure (by adding some additional elements), but also winning the initial support of the responsible Parliamentary Commission and Under-Commission. As it later turned out, it also provided sound arguments for some of the non-governmental critics of the NDP2020, campaigning for a three-to-five-page-long national development plan.

Close cooperation with the political stakeholders also proved to be working, especially because representatives of opposition chaired the responsible Parliamentary Commission and Under-Commission. In addition to intensive work with parliament, members of the CoM were also actively involved in the process through a series of informal workshops chaired by the prime minister himself.

Later in the process, other policy-analysis methods were also used, including brainstorming, development of joint problem and objective trees for each priority, setting SMART objectives and the forecasting method for setting indicators, fiscal impact assessment and a number of others well known to public policy practitioners.

In addition to all of these analysis methods used by experts, there were also two totally independent ex-ante evaluations that were carried out in order to test the quality of the NDP2020. One – the Strategic Impact Assessment on Environment (Group of Experts, 2012) – was compulsory by law, while the other – contracted out to the World Bank (World Bank, 2012/2013) – was purely a self-imposed decision of the team, believing in the necessity of having an independent, trustworthy and professional evaluation of the document before it went to parliament. An updated version of the World Bank assessment was also prepared after the vote of the Parliament. Both evaluations provided not only good input into improving the quality of the document before its adoption, but also a good baseline measurement and indication for the mid-term review planned for 2017.

Policy Design: The Making of the Policy

Following the initial GAP and SWOT analysis and the adoption of the NDP2020 leitmotif of “Economic Breakthrough” (after two rounds of informal political discussions among the ministers) and the three underlying broad priorities, further work on the preparation of the NDP2020 could commence.

Three working groups (one for each priority) were established involving a parity (the “50:50” principle) of members from public administration and non-governmental organisations. These working groups brainstormed on objectives and measures and activities for achieving those objectives based on the analysis prepared and the broader long-term context set by Latvia2030. In addition, working groups came up with a grouping of similar objectives, and corresponding measures and activities into directions of activities to make the structure of the NDP2020 interventions more understandable. Also, initial work on identification of the best performance indicators for each objective took place. However, once the experts of the Cross-Sectoral Coordination Centre felt that the brainstorming sessions within the working groups were starting to repeat themselves, the decision to produce the first draft of the NDP2020 was taken. It was published during the first week of May 2012 and one of the public consultation processes began, during which several hundred comments and recommendations were received. In parallel to the public consultation process, informal consultations with the members of the CoM were also carried out.

By mid-June 2012, the second draft version of the NDP2020 was prepared based on the comments received from both the public and the ministers. This version was then heavily debated in the supervising group of the NDP2020 preparation process. This was the most difficult part of the whole consultation process, since all of the involved parties tried to feed in their priority measures and activities, thus endangering the quality and narrowed scope of the NDP2020. However, the agreed methodology, the principles and criteria aided the experts of the Cross-Sectoral Coordination Centre and took out of the equation any arguments from those fighting for purely sectoral measures.

The CoM adopted the initial draft of the NDP2020 on the 14th August 2012 and this started another round of public consultations that lasted for more than a month both in electronic form and face-to-face during a round of regional discussions in all the major cities of Latvia. In parallel to this round of consultations, both external independent ex-ante evaluation processes were started, as well as the process of fiscal impact assessment with heavy involvement of the Ministry of Finance, the Cross-Sectoral Coordination Centre and politicians representing the ruling coalition.

By the end of September 2012, when the public consultation process ended, more than a thousand comments and recommendations had been received. All of them were carefully reviewed, integrating the appropriate ones and declining the inappropriate ones (once again based on criteria set out in the methodology). The CoM adopted the finalised version of the NDP2020 and sent it to parliament on 24th October 2012.

Almost all of the Parliamentary Commissions reviewed the document and provided comments on it. In total, parliament sent 240 proposals on amendments and additions back to the CoM. Experts of the Cross-Sectoral Coordination Centre evaluated these against the criteria and prepared substantiation for inclusion or rejection of the proposals. In addition, the results of both independent ex-ante evaluations of the draft document were at the hands and they were taken into consideration during the finalisation of the NDP2020.

On the 4th December 2012 the CoM reviewed the NDP2020 for the last time, adopted it and sent it for the final vote in parliament. After completing all of the last formalities parliament voted on the NDP2020 during the plenary session of 20th December 2012 (Parliament of Latvia, 2012). The vote surprised everyone – the media, the ministers, the prime minister and certainly the experts of the Cross-Sectoral Coordination Centre. Parliament had supported the NDP2020 with an unprecedented vote of 81 MPs voting for, 7 abstaining and nobody voting against, even despite the fact that the ruling coalition had only 56 votes in the parliament of 100 members.

Policy Implementation: Challenges of Making the Policy Work

Currently it is too early to judge on the implementation of the NDP2020, however there are first implications of its existence that had been brought to the operation of the whole planning system.

First of all, it serves as a superb basis for informal dialogue with the European Commission (EC) in regard to the Partnership Agreement that will have to be concluded later this year and that will set out broad agreement on the use of EU structural and investment funds in Latvia during the next financial perspective. During the initial rounds of negotiations, the ministries involved had been extensively using the NDP2020 as a key reference document for substantiation of their activities in the next planning period. Taken into account that the NDP2020 has been aligned among other things also to the broad objectives of Europe2020 and key projects that have to be financed through EU funds already identified within supplementary documents, only minor changes are expected from the EC side.

Secondly, the NDP2020 plays a crucial role during the annual review process of the National Reform Programme for implementation of the EU2020 strategy that is a part of the European semester. It is clear that some of the activities foreseen in the National Reform Programme earlier will have to be revised, but it will only provide for a very coherent way in aligning EU-wide priorities with the national solutions. The fact that the NDP2020 has been linked with the realistically available financial resources only adds additional trust into the whole exercise.

Thirdly, the law setting out the budget calendar has already been amended and now incorporates a phase of evaluation of all the new policy initiatives proposed by various ministries and institutions. According to the scoring methodology for this exercise, the measures and activities foreseen in the NDP2020 will receive the highest number of points and thus will appear on the top of the list for national budget appropriations. The Ministry of Finance and the Cross-Sectoral Coordination Centre will ensure a unified approach towards scoring and will carry out the evaluation process jointly.

Lastly, but most importantly – the majority of non-governmental organisations and politicians are using the NDP2020 as their key reference document in their statements on key challenges facing Latvia currently and in their replies on solutions to these problems. It is direct proof that active cooperation with these stakeholders has proved to be fruitful for all involved. The sense of ownership of politicians in regard to the NDP2020 is very important, because it serves as a sort of a guarantee that they will stick to it also in the later stages of implementation and voting on budget allocation.

All of the abovementioned activities are carried out under a close scrutiny of the experts of the Cross-Sectoral Coordination Centre and any possible shifts from the NDP2020's envisaged solutions would be immediately and directly communicated to the prime minister, members of the CoM and the responsible parliamentary commission. Thus, there is a great deal of optimism that the NDP2020 will be implemented and will bring all of the promised benefits of having a unified policy planning system. The real results of the success of its implementation will need to wait until the envisaged independent mid-term review of this document in 2017, however the first monitoring report will already be out in 2014.

Conclusion and Lessons Learned

There are many lessons that can be learned from Latvian public administration with regard to preparation of the NDP2020, in particular, because of the widespread expectation that it would be impossible to prepare a high-quality medium-term strategy with limited resources, in such a short timeframe and linked to the budget. The main conclusions and key lessons that might be useful for other countries are the following:

- Be sure to devote enough time for thinking through the whole process at the very beginning and agree on the main principles and “rules of the game” with all stakeholders. Do not be shy to consult the best international experience in the field and learn from mistakes done by others. This will later save a great deal of time that is spent on quarrels and disagreements about the methodology as well as the general approach taken.

- Choose only the most applicable policy analysis methods that you feel comfortable about applying, otherwise there is a possibility of getting into too much research that is not applicable to real life and is rejected by the decision makers. Being simple does not mean being wrong or unfashionable: it means that you know what you are doing and therefore rely on the results of the analysis.
- Clearly identify all of the stakeholders, their roles in the process and ensure pro-active communication and cooperation with them. This will provide you with an additional knowledge base, create a buy-in into outcomes of the process and support at the implementation stage. Sometimes outside pressure might ensure the achievement of goals faster than trying to work along the usual public administration rules.
- Do not be afraid of involving politicians in the process, because by doing so you will not only secure their understanding of the process and trust in you as a professional, but also ownership of the policy developed and commitment to its implementation, which is the ultimate goal of the process.
- Believe in what you do and do not do anything against your professional principles. Once you stop believing in what you are doing there will be no results of which you as a professional will be proud.

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Chapter 4

An integrated Approach - the Albanian National Strategy for Development and Integration

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Abstract

The National Strategy for Development and Integration (NSDI) 2013-2020 is the successor to the National Strategy for Development and Integration 2007-2013, which had laid down the vision, priorities and targets for the period from 2007 until 2013. The NSDI is conceived as a broad planning and monitoring framework that ensures coherence and harmonisation between policy priorities stemming from Medium-Term Budget Programming and European Integration for the period 2013-2020. The NSDI 2013-2020 is not a stand-alone process but it is embedded in a broader strategic planning framework: the Integrated Planning System (IPS), which is a set of principles, processes and outputs that constitute a broad planning and monitoring framework, aims to ensure coherent, effective and harmonised planning and monitoring of policies and public finance as a whole. This paper highlights the main elements of the approach and process that is currently implemented by the Government of Albania for the draft of the NSDI 2013-2020.

Background of the Policy Design: The Policy Problem

The National Strategy for Development and Integration 2013-2020 is the successor to the National Strategy for Development and Integration (NSDI) 2007-2013, which was adopted in 2008 and laid down the vision, priorities and targets over the 2007-2013 period. The NSDI synthesises the national Development and Integration aspirations, incorporating the Millennium Development Goals, for the period 2007-2013. It is based on 37 sectoral and

cross-sectoral strategies, thus being the most important strategic document for the country, representing the national vision and strategic priorities for 2007-2013.

The mid-term evaluation of the NSDI 2007-2013 that was carried out in 2010 pointed out some of the strong points of this document. It has been evaluated as positive that the document includes a chapter on financial resources and indicative allocations, while it has oriented the country towards EU integration and NATO membership. Also, it is a good basis for measuring performance with respect to achieving the objectives of the policy budget programmes and it specifies impact assessment indicators (high-level indicators) for strategy policies. Furthermore, the NSDI 2007-2013 consolidated the processes of the Integration Planning System, being the main pillar for national strategic planning in a 7-year timeline in accordance with the EU financial framework (Instrument for Pre-Accession Assistance IPA 2007-2013). Finally, it represents a good basis for drafting the next national strategy for 2013-2020.

The mid-term evaluation of the NSDI 2013-2020 concluded about the necessity of preparing the new NSDI for 2013-2020. The rationale behind the new NSDI 2013-2020 lies on the following:

- The actual NSDI and the main sectoral and cross-sectoral strategies end in 2013, while creating a gap for strategic planning after 2013.
- It is a legal requirement of the State Budget Management Law, that the Medium-Term Budget Programme (MTBP) be guided by the NSDI. The policy priorities of the NSDI orient the objectives of budget programmes with respect to public expenditures and investments, as well as external assistance projects (including and IPA). Hence the MTBP has a rolling cycle of 3 years, the MTBP for 2013-2015 required an elaborated policy framework, while the current NSDI cycle ends in 2013.
- The programming period till 2020 is to be in compliance with the new planning period for IPA funding for 2014-2020. Also, this timeframe complies with the Lisbon Strategy 2010-2020 (EU 2020), as the main strategic document of policy programming for the EU.

The drafting of the NSDI 2013-2020 has progressed with respect to the stages regarding the internal process of drafting and involvement of line ministries and central institutions. The upcoming parliamentary elections have conditioned the finalisation and approval of the NSDI, influencing the timing and planning for the consultation period. It was first planned for the consultation of the draft with non-governmental actors, such as social partners and civil society, as well as parliamentary commissions, to be held in March 2013. In order to get an overall political consensus on this important strategic document for the country, the consultation period with the wider public, civil society and parliamentary commissions was postponed to be implemented during November 2013.

The role of the IPS in the context of the NSDI 2013-2020

The NSDI is not a stand-alone process, but it is embedded in a broader strategic planning framework: the Integrated Planning System (IPS). This document is one of the pillars of the Integrated Planning System (IPS) which lays the ground for its proper implementation. It is important to highlight here some of the main features of the IPS, in order to better understand the rationale and the background of the NSDI drafting process.

The Integrated Planning System represents the backbone for developing and preparing the NSDI 2007-2013. The IPS includes a set of principles, processes and outputs that constitute a broad planning and monitoring framework, which aims to ensure coherent, effective and harmonised planning and monitoring of policies and public finance as a whole. As a key national system, the IPS culminates in the decision to determine the strategic directions and allocation of resources. The core processes of the IPS include the following pillars:

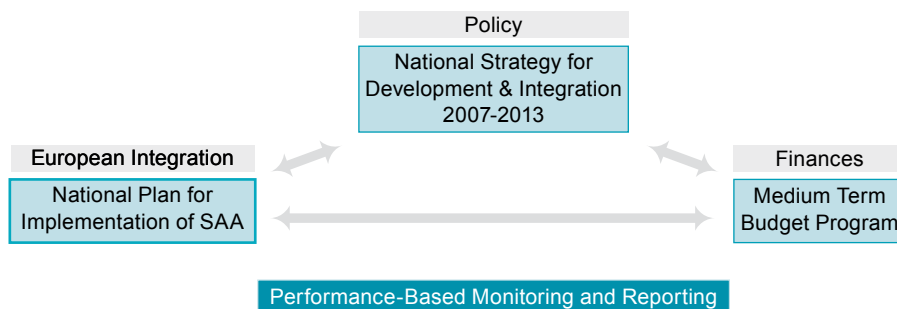
- The National Strategy for Development and Integration (NSDI), which establishes the government's medium- to longer-term goals and strategies for all sectors based on a national vision.
- The Medium-Term Budget Programme (MTBP), which requires each ministry to develop a three-year plan to deliver programme outputs to

achieve its policy objectives and goals within its expenditure ceiling as set out in the government's fiscal plan; procedures on public investment are included and integrated into MTBP procedures.

- European integration is also part of the IPS, and it includes the National Plan for the Implementation of the Stabilisation Association Agreement (SAA). Its requirements feed into the formulation of sectoral and cross-sectoral strategies that are translated into outputs through MTBP processes, as well as mirrored in the policy priorities of the NSDI.

These three processes are complementary to each other, orienting line ministries and central government on overall strategic planning for the country.

Figure I. The schema of the Integrated Planning System in Albania



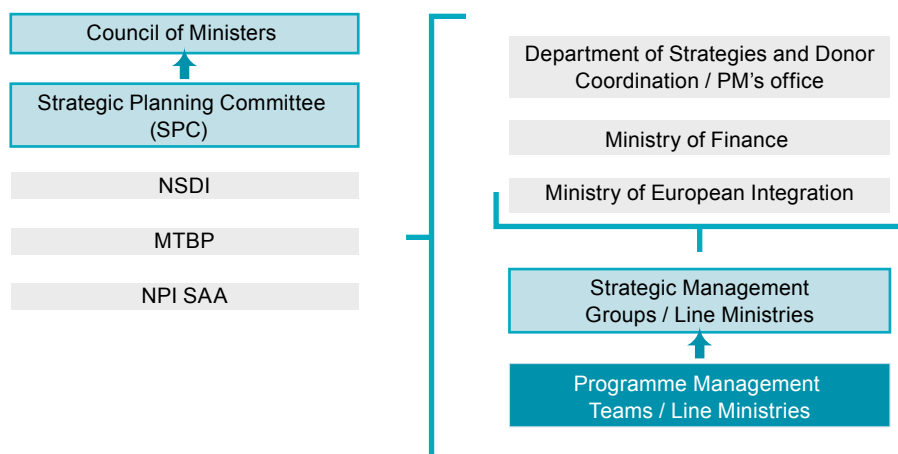
The IPS institutional framework is being used as an operative instrument for the preparation of the NSDI. The main IPS structures include the Strategic Planning Committee (SPC) decision-making body on IPS issues and processes: policies and strategies, macro framework and budget planning issues, European Integration and IPA issues, etc. It is chaired by the prime minister with the line ministers as members.

The coordination of NSDI preparation lies with the Department of Strategy and Donor Coordination (DSDC) in the prime minister's office, which is also responsible for IPS coordination at the highest level and is the secretariat of the Strategic Planning Committee. The DSDC collaborates with the

Ministry of Finance and the Ministry of European Integration to harmonise the IPS processes and to ensure proper coordination at highest level of the government.

The focal points for the DSDC in each line ministry are the secretary generals (SGs) that are also coordinators of the Groups on Strategic Planning, which are established in each line ministry, chaired by the respective line minister (with the secretary general as coordinator and line ministry directors as members). In each line ministry, there are also Programme Management Teams for each policy area, which are responsible for the preparation of the specific budget programme of the line ministry.

Figure II. The institutional structure of Integrated Planning System



Policy Objectives

The Government of Albania aims to prepare and adopt the National Strategy for Development and Integration for 2013-2020, by further improving the national policy planning process. This will lead to the further consolidating of the Integrated Planning System, in order to ensure that the core policy and financial planning processes function in a coherent, efficient and integrated manner.

The National Strategy for Development and Integration 2013–2020 builds on the progress achieved by the existing NSDI 2007-2013. However, the mid-term evaluation highlighted some weak points of NSDI 2007-2013, such as:

- Incomplete monitoring framework:
 1. Monitoring framework not completed for all sectoral strategies. Performance indicators for each of the sectoral strategies under the NSDI remain insufficient (European Commission 2009; 9)
 2. Several high-level indicators are out of government control (and with no targets)

- Weak linkage with the MTBP :
 1. The objectives of budget programmes are not fully in line with the policy objectives of the NSDI; costing remained insufficient (European Commission 2009; 9).

- Weak linkage with European integration requirements

However, NSDI 2013-2020 will remain the key strategic document that will support the sustainable social and economic development of the country, while ensuring accomplishment of standards and obligations for the European integration process. The main key issues addressed during the preparation of the draft NSDI are the following:

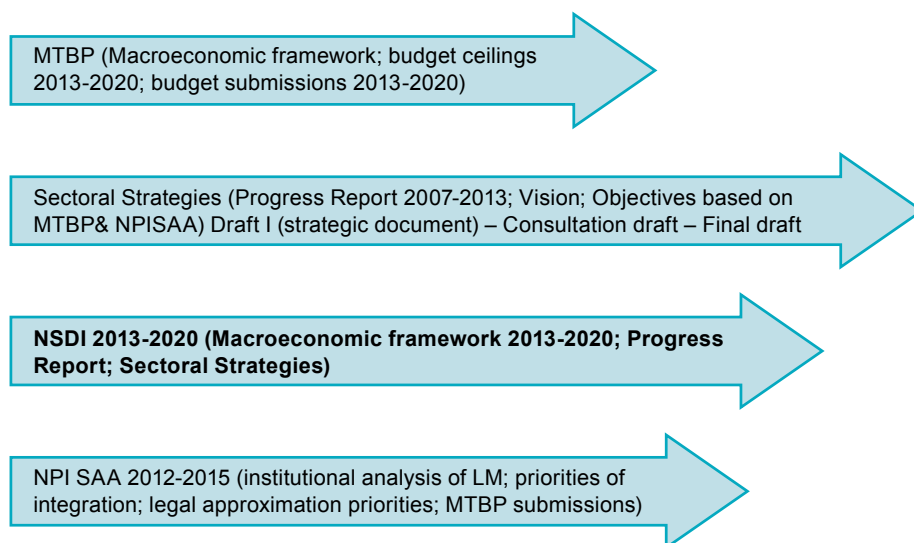
- NSDI 2013-2020 to articulate the national aspirations through the identification of medium- and long-term priorities by the line ministries.
- The macro-economic and fiscal framework to be elaborated based on growth scenarios, including macroeconomic aspects and financial resources for NSDI policies.
- The NSDI to serve as a reference framework for the allocation of funds during the drafting process of the Medium-Term Budget Programme (MTBP).
- The NSDI 2013-2020 to be developed based on a strong ownership; all central institutions to be engaged in the design, review and consultation of this document.
- The NSDI 2013-2020 to undergo an extensive and opened public debate.

Methodology Used: The Choice of Policy Instruments

The first step of the process was to evaluate the implementation of the NSDI 2007-2013¹, which highlighted the progress, innovation and critical issues to be addressed. The evaluation identified the need for revision of the actual strategy and drafting of a new NSDI for the period 2013-2020. This period coincides with the EU financial programming 2014-2020, with the Lisbon Strategy until 2020 and covers 5 programming cycles of the Medium-Term Budget Programming (MTBP – a three year rolling process).

The preparation of the NSDI was approached through the MTBP cycle in order to ensure consistency of processes and prepare realistic strategic documents. Parallel to the MTBP the preparation of the sectoral and cross-sectoral strategies that would feed and contribute into the NSDI (see figure below) was initiated. In the meantime, the NPISAA was drafted also based on MTBP submissions.

Figure III. Processes linked to the NSDI



1 Implemented in 2011.

The methodology for preparing the NSDI 2013-2020 addresses the gaps identified by the mid-term evaluation process, by ensuring:

- The use of the MTBP as an operational basis for sector strategies: Policy Statements of Budget Programmes developed by line ministries for the period 2013-2020 represent the foundations for policy prioritization and allocation of financial resources. MTBP guidelines prepared by the Ministry of Finance fully reflect the process of drafting of the NSDI 2013-2020.
- Better linkage between the NPISAA, MTBP and NSDI: The drafting methodology used for the NPISAA includes the process of drafting the MTBP and NSDI. Therefore the outputs, measures and activities of the NPISAA are part of Budget Expenditure Programme, and consequently are included in NSDI 2013-2020.
- Long-term realistic objectives for NSDI 2013-2020 based on performance indicators, with 2011-2012 as the baseline years and setting targets to be achieved until 2020. The indicators are to be identified by the line ministries, the DSDC and INSTAT. Indicators that are already part of sector strategy monitoring, in conjunction with high-level indicators, are the basis for the NSDI 2013-2020 set of indicators.

The methodology for drafting the NSDI 2013-2020 was formalised by the Prime Minister's Order No.12, dated 2 February 2012 "On the preparation of the National Strategy for Development and Integration 2013-2020". It included the process steps and timelines to be followed and implemented, as well as the structure of the NSDI.

The Prime Minister's Order No. 93 of 7 August 2012 "On the preparation of sectoral and cross-sectoral strategies for 2013-2020 and of strategic documents for 2013-2020, in the framework of the National Strategy for Development and Integration 2013-2020" defined the list of sector and cross-sector strategies to be drafted by the line ministries for the period 2013-2020. It standardised sectoral and cross-sectoral strategies by defining the respective format. Also, it defined the guidelines for the consultation of strategies.

Policy Design: The Making of the Policy

The IPS institutional structure was the backbone for carrying out the design of the methodology for the preparation of the NSDI and its implementation. The methodology was prepared by DSDC, in collaboration with the Ministry of Finance (MF) and Ministry of European Integration (MEI). Its preparation followed after the mid-term evaluation of the NSDI, which was completed by external experts through a process that took 6 months (March-October 2011).

In the following two working groups at the technical level were representatives of the DSDC, the MF and MEI participated in a process to ensure harmonisation and coordination within central-level policy, budget management and the NPISAA, The Budget General Directorate and Macro Department at the MF, the Legislation Approximation Department at the MEI and especially, the Strategies Coordination Unit in the DSDC actively participated as members of these working groups. As a result, the methodology of the NSDI 2013-2020 that was based on the MTBP process, was coordinated with the MTBP and the NPISAA process.

The Strategic Planning Committee played a crucial role in the decision-making process of NSDI preparation, by approving the methodology and by discussing materials prepared within the finalisation of important phases. The SPC discussed and approved the macroeconomic framework, before its formal approval in the Council of Ministers (CoM). Also, an analysis of the costs of the NSDI was presented and discussed in the SPC.

Line ministries (LMs) were the main institutions involved during the preparation of first inputs for the NSDI. In each LM the Strategic Management Group (SGM), chaired by the respective minister and coordinated by secretary generals (SGs), gathered to ensure preparation of the draft and implementation of the process. During the drafting of budget submissions and then sectoral strategies, in most of the LMs these groups did not gathered as planned, which hindered the technical staff from submitting qualitative drafts and to led to delays in the planned steps.

The costing of the policies (included in the MTBP) for a 7-year time horizon (especially for 2015-2020) represented a difficult step for the LMs. The DSDC

played an important role in guiding the LMs to cost indicatively major outputs that were planned to be delivered within MTBP 2013-2020. However, only the sectoral strategies have a proper costing, while cross-sectoral ones still lack a qualitative costing of respective policies.

Inter-ministerial Working Groups on cross-sectoral sectors were established by order of the prime minister, chaired by the respective minister and with participation of deputy ministers of other line ministries. Coordination among LMs on cross-sectoral issues has been however difficult, because of weak involvement at a technical level and a lack of monitoring of these groups from the DSDC.

Advisory Groups were set up (through a ministerial order) to advise on sectoral strategies. The members of these Advisory Groups are representatives of civil society, interest groups, social partners etc. Also, existing forums with tripartite memberships have been used to consult the sectoral strategies (the National Business Council, National Council for Higher Education, National Council for Professional Education, National Labour Council, etc).

The first draft of the NSDI was presented to the prime minister's advisors for comment and consideration in January 2013. An improved draft, based on the advisor's comments, was submitted to the European Commission and to donors in April 2013. Initially, it was planned for the DSDC to organise public consultations in April 2013, but delays in sectoral and cross-sectoral strategies caused a shift of the planned timeline. Furthermore, the approaching of parliamentary elections in June 2013 also influenced the postponing of the consultations until after the elections. In order to ensure all the necessary preconditions for a wide consultation with interested parties, the included political parties and parliamentary commissions, it was decided to postpone the public consultation until October–November 2013.

Towards implementation

The process took some steps in its implementation. After the approval of the methodology by the SPC and the prime ministerial order, the process was launched in February 2012 by the DSDC with the LM. In order to technically support the process, there have been organised periodical training

programmes with the TIPA (Institute of Public Administration) targeting the staff of line ministries and implementing agencies. The line ministries prepared Action Plans in compliance with the order of the PM, defining the milestones of the process and meetings of the SMG.

Prime ministerial orders on inter-ministerial working groups for preparation of cross-sectoral strategies were issued, while leading ministries set up inter-ministerial working groups at the technical level and at the decision-making level (meeting of inter-ministerial working group, chaired by a lead minister, with participation of deputy ministers as members). Also, each LM set up advisory groups with civil society representatives and social partners, for each sectoral and cross-sectoral strategy.

The macro-economic and fiscal framework for 2012-2020 has been prepared by the MF, which was discussed and approved in the Strategic Planning Committee. The MF prepared the MTBP budget ceilings for 2012-2020 and included it in the Budget Guidelines for the LM.

The second stage included the involvement of the LM, which first prepared progress reports for 2010-2012 on existing sectoral and cross-sectoral strategies, including: achievements and failures; reporting on performance based indicators; EU achievements and gaps; and policy challenges.

LM prepared MTBP submissions for 2013-2020, based on MTBP ceilings approved by the Strategic Planning Committee (and drafted by the Ministry of Finance). The submissions included policy objectives and goals, as well as major outputs with respective costing.

Pursuant to Order No. 93, line ministries started drafting the strategic documents (draft I of sectoral strategies) in June 2012 for each sector. The sectoral/cross-sectoral strategic documents were designed to aid the revision of strategies with a timeline beyond 2013, and to aid the drafting of complete sectoral/cross-sectoral strategies, the majority of which ended in 2013. Each strategic document included a chapter on financial resources based on the policy statements for budget programmes, as well as a chapter on monitoring. So far, proper costing of cross-sector strategies remains weak.

The third stage initiated with the preparation of the NSDI 2013-2020 document, which started in November 2012, based on the strategic documents and strategies drafted by the line ministries and the allocation of financial resources according to the financial ceilings for 2014-2020. The structure of the document was defined by the Order No. 93 of the PM, while vision and main pillars have been discussed in the SPC. A list of indicators has been identified (outcome- and results-based indicators) by the DSDC in collaboration with the line ministries and INSTAT, in order to include it in the monitoring chapter for each sectoral and cross-sectoral strategy. Based on this list, some selected high-level indicators with their respective targets are being discussed for the monitoring chapter of the NSDI.

The first draft was presented to the advisors of the prime minister in January 2013 and a second revised draft was finalised in March 2013, including the advisors' comments. The second draft was presented to the donor community (Development and Integration Partners) and distributed for their comments. A consultation platform with details on consultations with the public, civil society, parliament and donors, was prepared in January 2013, but the previous timeline for its implementation in April 2013 was postponed for October-November 2013. The upcoming parliamentary elections have influenced the postponing of the consultation events, in order to ensure overall political consensus and effective consultation with all stakeholders.

Actually, from a total of 27 sectoral and cross-sectoral strategies: (i) 5 strategies are already approved; (ii) 5 strategies are in the process of final approval; (iii) 11 strategies are at the stage of the 1st draft; (iv) 6 strategies are at the first stage.

The process of preparing the NSDI 2013-2020 has encountered some delays that postponed the timelines for the final approval of the document. There have been some difficulties in the functioning of the inter-ministerial working groups which have not functioned properly. Horizontal coordination should be improved in the future, while the DSDC should orient and monitor the inter-ministerial working groups.

Conclusion and Lessons Learned

The process of drafting the NSDI 2013-2020 builds upon existing systems and integrates the main processes of planning. The NSDI 2013-2020 is the successor of the previous NSDI and is one of the pillars of the Integrated Planning System (IPS) that has been implemented by the government since 2005. The NSDI process has been conceived as a broad planning and monitoring framework which ensures coherence and harmonisation between policy priorities and MTBP for the period 2013-2020 (European Commission 2008: 7).

The process of the NSDI makes use of the MTBP as an operational basis, while ensuring a realistic document and better linkage between policies and the budgeting process. Although costing of cross-sectoral strategies has encountered some difficulties, better functioning of horizontal coordination would create the preconditions for better planning of cross-sectoral policies. It is recommended that the inter-ministerial working groups be coordinated and monitored centrally, in order to ensure proper planning and implementation of policies, as well as better preparation in the face of the pre-accession process.

The NSDI ensures also better linkage with the NPISAA. The drafting methodology used for the NPISAA includes the process of drafting the NSDI, as well as the MTBP. Therefore the outputs, measures and activities of the NPISAA are part of the Budget Expenditure Programme and are consequently included in the NSDI 2013-2020.

The NSDI long-term objectives for 2013-2020 are based on performance indicators with 2011-2012 as the baseline years and targets set to be achieved by 2020. Indicators, which are already part of monitoring of sectoral strategies in conjunction with the higher-level indicators, are the basis for the NSDI 2013-2020 indicators.

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Chapter 5

Integrated Policy Planning in Serbia

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Abstract

The Government of Republic of Serbia has started a comprehensive reform of its functions aimed at the creation of a modern Centre of Government. The reform is to be implemented by improving the processes of strategic planning and policy coordination. They are considered vital both for meeting EU standards on the road to EU accession and for the success of the reform of public administration. The government asked for international donor funding (DfID) to initiate the first phase of the reform aimed at strengthening the capacities of the General Secretariat to implement new functions and at consolidating the existing planning processes. The second phase (funded by SIDA) aimed to reform policy coordination within the government. During this phase a new policy-making and coordination model has been developed. The role of all players in the policy-making process has been redesigned and has created the foundation for a future project funded by the EU. The key accomplishment of the efforts of the General Secretariat concerns the development of the Methodology for Strategic Planning and the Development of an Annual Government Work Plan. The purpose of the methodology is to define the integrated policy-planning system of the Government of the Republic of Serbia and to specify the stages in the planning process and the roles and responsibilities of the key bodies involved. The final version of the methodology is soon to be agreed by the working group set up by the Secretary General and will be forwarded to the government for deliberation and adoption.

Background of the Policy Design

The Government of Republic of Serbia commenced quite a comprehensive reform of its functions aimed towards the creation of a modern Centre of Government. The initiative to launch the reform ensued from an assessment of the status of the public administration reform achieved in recent years, most notably the one developed by SIGMA in May 2008, stressing the need to develop the organisation and operation of the General Secretariat of the Government.

One of the first indicators of the government's commitment to change towards enhancement of the role and functions of the General Secretariat was the creation of the Department for Planning, Monitoring and Policy Coordination in the General Secretariat, whereby the government has created an administrative and legal foundation for introduction of the new functions aimed towards the improving of the overall efficiency and effectiveness of its work – coordination of the preparation and adoption of strategic priorities; coordination of the content of policy proposals; coordination of monitoring of government performance; and coordination of specific inter-ministerial strategic priorities.

Shortly after establishing the department, the government solicited international donor funding to initiate the first phase of the reform, aimed at strengthening the capacities of the GS to implement new functions and at consolidating the existing planning processes. In October 2009, the governments of the UK and the Republic of Serbia signed a Memorandum of Understanding, thus starting the Project "Support for the strengthening of policy coordination in the Government of Republic of Serbia", funded by the DfID, through which the first phase of reform had commenced.

Due to the limited duration of the first phase, the General Secretariat and DfID reached an agreement to focus on the immediately feasible outputs that will provide tangible results. The main focus was the improvement and strengthening of the process for development of the AGWP/AGR and developing an IT tool tailored to supporting the new processes.

In the first phase, the reform focused on:

- Modernisation and strengthening of the GS;
- Strengthening the bottom-up approach through reinforcement of medium-term planning;
- Improving the process of planning and monitoring of the Annual Government Work Programme/Annual Government Work Report based on medium-term planning methodology;
- Deciding on the most appropriate strategic framework and strategic planning methodology, that will be taken further in the next phase;
- Performing an audit of the current policy-making practices and providing recommendations for the new policy-making model.

In December 2010, the governments of Sweden and the Republic of Serbia signed a Memorandum of Understanding, thus starting the Project “Reforming Policy Coordination in the Government of Republic of Serbia”, funded by SIDA, through which the second phase of reform had commenced.

The second phase of reforming policy coordination in the government represented the phase of the process during which a new policy-making and coordination model has been developed and the roles of all players in the policy-making process have been redesigned.

This project was designed to support the second phase of the reform carried out by the General Secretariat and is to create a foundation which a future project funded by the EU through IPA 2011 will carry on. IPA 2011 will mark the third and final phase.

The purpose of this methodology is to define the integrated policy-planning system of the Government of the Republic of Serbia and to specify the stages in the planning process and the roles and responsibilities of the key bodies involved.

The methodology builds on the existing elements of planning in Serbia. It is designed specifically to respond to the SIGMA assessment of 2011, in which the quality of planning in Serbia was described as needing certain improvements. The SIGMA assessment recommended:

“The government should establish more top-down elements to its policy planning by introducing a clearer strategic planning process that sets out the main objectives of government policy. Line ministries, following those main objectives, should prepare their own strategic plans with objectives and timescales including an assessment of the resources that will be required. It is important to ensure that the main policy priorities of the government are driving the administrative work-plans of the government and ministries. With a more top-down approach and right timing, the work plan of the government could serve as key strategic input to the budget planning process and also as a tool to better integrate the agendas of the political and administrative leadership.”

Objectives

The underlying assumptions of the new approach to policy planning are the following:

- The government wishes to introduce a policy-planning system that would allow it to meet its priorities and commitments;
- The main purpose of the new system is to introduce an effective top-down element so as to ensure that ministries (and other bodies) link their initiatives to the overall priorities of the government;
- The budget calendar is fixed by the Law on Organs' Budgets (see Annex 2). The policy planning system should operate within this calendar;
- The current process of ministry planning (based on the GOP methodology) should remain essentially unchanged within the new system;
- The General Secretariat and the Ministry of Finance will cooperate on an ongoing basis to ensure that the budget process and the policy planning process are linked in a consistent manner.

New Planning Methodology for Serbia

The proposed new policy-planning system contains seven steps, which are repeated each year. The steps are summarised in the table below.

Key step	Primary Responsibility for preparation	Output	Decision	Timelines	Existing/ New Output/ process
1. Establishing the government's strategic priorities and objectives	General Secretariat (GS)	Draft Strategic Priorities Decision	Government	January-April	New (top-down element)
2. Developing of the ministry's medium-term (strategic) plans	Ministries	Medium-term (strategic) plan	Minister	May–August (submitted to GS Sept. 1)	Existing
3. Submitting list of initiatives to be included in the Government Annual Work Plan	Ministries	Initiatives for government sessions	Minister	September-October	Existing (revised process to implement top-down element)
4. Development of the Government Annual Work Plan	General Secretariat	Draft Government Annual Work Plan	Government	October – November	Existing (revised process to implement top-down element)
5. Monitoring of progress on the strategic priorities and objectives	General Secretariat in cooperation with ministries	Annual Progress Report		Beginning of the new cycle	New
6. Monitoring of implementation of the Government Annual Work Plan	General Secretariat in cooperation with ministries	Quarterly reports Annual Report		Quarterly monitoring and reporting intervals	Existing (revised process)
7. Publishing Ministry Medium-term (strategic) plans	Ministries	Plans made public		January 31 of the current year	New

Step 1: Establishing the government's strategic priorities and objectives

The first stage in the strategic planning process is the adoption by the government of its strategic priorities and objectives. The strategic priorities represent the major changes that the government plans to make in relation to specific issues or problems. They denote the desired situation or final result that the government wants to achieve in the medium-term (3-5 years) or long-term (more than 5 years). The government's strategic priorities are set

at a general level and, as such, are broadly formulated. Priority objectives, on the other hand, are more specific and may be formulated in measurable terms. They represent the milestones which lead to the achievement of the government's strategic priorities.

Each year, as the government reviews and adopts the strategic priorities and objectives on the basis of detailed analysis, it may decide to confirm the same priorities, to add some new ones, or to drop priorities from the previous years.

The number of strategic priorities in a given year should be limited (a range of 4 to 6 is recommended), bearing in mind that planning should be realistic and each priority should be achieved within the fiscal limitations and can be implemented efficiently with the given capacities.

The General Secretariat has primary responsibility for conducting the analysis and developing the draft strategic priorities and priority objectives for adoption by the government. The analysis should particularly take into consideration the Government Programme submitted by the prime minister designate and confirmed by parliament², the Stabilisation and Association Agreement, the National Plan for Integration, the macroeconomic policy, the Strategy for Sustainable Development, the Poverty Reduction Strategy, the Public Administration Strategy, ratified international agreements and other strategic documents that address relevant economic and social issues.

During the process of analysis and of developing the government's draft strategic priorities, the General Secretariat cooperates and consults with the ministries, and particularly with the Office of the Prime Minister, the Ministry of Finance, the Ministry of Economy and Regional Development, the Ministry of Human and Minority Rights, Public Administration and Local Self-Government, the Serbian European Integration Office, the Republic Secretariat of Legislation and other relevant state administration bodies. It may also wish to seek the views of the academic community and the private sector.

2 See Article 127 of the Constitution of the Republic of Serbia and Articles 268 and 269 of the Rules of Procedure of the National Assembly of the Republic of Serbia.

The proposed Strategic Priorities Decision is presented to the government for discussion and adoption together with the Report which summarises the baseline analysis results, and, as of year 2 the report on the implementation of last year's strategic priorities and the report on the implementation of the Annual Work Plan (see steps 5 and 6).

The Strategic Priorities Decision should be adopted by 1 April.

The Strategic Priorities Decision is published in the "Official Gazette of the Republic of Serbia".

Step 2: Developing of the ministry's medium-term (strategic) plans

This step is already in place, and is not proposed to be changed significantly as a result of the integrated system.

In developing the medium-term (strategic) plans, the ministries analyse the situation in the policy areas they are responsible for, taking account of the government's strategic priorities, the relevant strategic documents such as the Stabilisation and Association Agreement, the National Plan for Integration, the Strategy for Sustainable Development, the Public Administration Strategy, the Poverty Reduction Strategy, ratified international agreements and other strategic documents that address economic and social issues relevant to their policy areas. Throughout the planning process, the ministries are responsible to ensure that the government's strategic priorities have been adequately reflected and that relevant horizontal strategic documents have been considered in order to ensure consistency. In this process, they may consult the General Secretariat.

In the medium-term (strategic) planning process the ministries ensure internal coordination within and among their internal organisational units and all subordinated bodies under the ministry's responsibility to ensure coordinated planning in the relevant policy areas for which the ministry is responsible. The ministries are also responsible to ensure inter-ministerial coordination particularly in the development of horizontal programmes so

that such programmes include coordinated projects, activities, resources and timelines that are founded on relevant and harmonised data and information.

Throughout the preparation of the ministries' plans, the General Secretariat may offer technical advice on the strategic planning techniques³ and instruments, as well as advice on the consistency among strategies in the relevant policy area. The General Secretariat keeps a database of strategies in specific policy fields or cross-sectoral strategies adopted by the government. This tool will assist the General Secretariat in advising ministries on priorities and on possible inconsistencies.

The Medium-Term Plan of the ministry is signed by the minister and submitted to the General Secretariat by 1 September.

Step 3: Preparing initiatives to be included in the Government Annual Work Plan

The Government Annual Work Plan is a list of initiatives (primary and secondary legislation, strategies, etc.) that will be submitted to the government's sessions for decision during the coming year. It is organised by quarters. The process of preparing the plan should start with the submission to the General Secretariat of a list of initiatives that each of the ministries plans to put forward to the government in the next year. The information required per initiative is not extensive, and should be limited to two pages. Some of the key information includes: a brief description of the initiative; its relation to the government's priorities; the Government Programme or other strategic documents (e.g., the NPI); in which quarter it will be presented to the government; whether funding has been budgeted; and the expected impacts. An example of a generic format per initiative is included in Annex 1⁴.

The submission of lists of proposed initiatives should be completed by mid-October.

3 The General Secretary may adopt instructions and guidance (Handbooks, Manuals, etc.) on the strategic planning process and the contents of strategic documents.

4 The General Secretary will adopt Instructions on the format and contents of the ministries' initiatives for the Government Annual Work Plan.

Step 4: Development of the Government Annual Work Plan

The Government Annual Work Plan should include **only** the strategies, laws, secondary legislation and other materials that need government approval or adoption in accordance with the constitution and the law.

The General Secretariat is responsible for preparing the draft Annual Work Plan for adoption by the government. The Government Annual Work Plan is a realistic and clear document, which can be achieved in one year. It is based on the submission of initiatives by the ministries (step 3), but it is not necessarily the sum total of these initiatives. In preparing the plan, the General Secretariat reviews the submissions from the ministries to ensure that they are realistic, that the workload of the government and parliament is manageable and well-spread out throughout the year, and that the strategic priorities, the Government Programme and other commitments (e.g. in the NPI) are fully addressed. In the process of preparing the plan, the General Secretariat works closely with the SEIO, the Ministry of Finance, and also with line ministries, as necessary⁵.

In general, the activities that the General Secretariat will need to undertake in preparing the Annual Work plan are:

- Designing and coordinating a bottom-up procedure whereby ministries and other bodies submit their initiatives (policies, legislation and other materials) which they intend to bring forward to the government for a decision in the coming year;
- Assessing the extent to which the ministries' initiatives conform to the government's strategic priorities and other commitments, and whether particular priorities have not been addressed;
- Liaising with the Ministry of Finance to ensure that the ministry initiatives are consistent with their budget allocation;
- Liaising with the Serbian European Integration Office to ensure that national legislation that is planned for harmonisation with the EU legislation has been included in the ministries' initiatives for the Annual Work Plan;

⁵ The role and responsibility of the General Secretariat in preparing the Government Annual Work Programme will probably need to be reflected in the Rules of Procedure of the Government.

- Assessing possible overlaps or inconsistencies among the ministries' initiatives and, where possible, coordinating with ministries to make the necessary adjustments;
- Based on the assessment above, consolidating and preparing the Annual Work Programme for the government's approval

The draft Government Annual Work Plan should be submitted by the General Secretariat to the government at the end of November, for adoption by the government by the end of the year.

Step 5: Monitoring of progress on the strategic priorities

At the end of the year, the General Secretariat prepares an analytical report on the implementation of the government's strategic priorities and objectives and submits it to the government for review. The progress report serves as an input for the next planning cycle, especially for the preparation of a new (revised) strategic priorities document.

Step 6: Monitoring of the Government Annual Work Plan

The General Secretariat is responsible for monitoring the pace of implementation of the Annual Work Plan. The General Secretariat designs and keeps a monitoring system that will enable clear overview of the completed and upcoming commitments on a quarterly basis. The monitoring system will also act as an early warning system whereby ministries can indicate whether the initiatives planned to be submitted to the government for approval in the next quarter are going to be presented as planned or if there will be delays. In the case of delays, the ministries will give justification for the delays and indicate a new date when the initiative will be submitted to the government.

It is critical that the General Secretariat establishes a link between the Annual Work Plan and the government sessions where the decisions are taken in relation to the initiatives and materials. For this purpose, the General Secretariat – the Sector for the Preparation and Processing of the Government Sessions – will record and monitor the status of all tasks which follow from the government's decisions made at each of its sessions and

ensure that tasks are implemented in accordance with the set deadlines. The General Secretariat will keep a computerised tracking system.

The General Secretariat shall prepare quarterly progress reports on the extent of the implementation of the annual work plan. If it becomes clear that there will be significant backlogs, the General Secretariat may propose updating or adjusting the annual work plan and may negotiate such adjustment with the ministries.

The General Secretariat should prepare an Annual Report on the Implementation of the Government's Annual Work Plan⁶. In order to standardise the monitoring, the General Secretariat may identify performance indicators for measuring progress. This report will be part of the package which together with the Analytical Report on the Government Strategic Priorities will be presented to the government together with the proposed Strategic Priorities Decision to launch the next planning cycle.

Step 7: Publishing Ministry Medium-Term (Strategic) Plans

In order to improve transparency and give interested groups and members of the public better opportunities to participate in the policy process, ministries should publish their strategic plans on their websites.

Policy development and the implementation approach used

The absence of a well-designed strategic framework poses an obstacle to the reshaping of the policy development process. The reports reiterate the conclusion that Serbia does not have a strategic framework setting out the vision and long-term strategic objectives that are a prerequisite to streamlining the policy process and setting out policy priorities for the medium term.

Therefore the Department for Planning, Monitoring and Policy Coordination has contracted a number of national and international advisors to assist

6 The General Secretary will adopt instructions on the contents and structure of the standardised quarterly reports and the annual report on the Government Annual Work Programme.

in assessing the present situation and propose solutions to address the relevant issues. **International experts** were hired through the donor projects to provide inputs on best practices in strategic and policy design and to assist the General Secretariat in developing the relevant methodologies, procedures and guidelines.

In the course of development of the methodology a number of steps and actions that need to be undertaken were identified in order for the methodology to be implementable. The General Secretariat worked together with the relevant partners in designing and customising the policy process. In particular, a stronger partnership has been established with the Ministry of Justice and Public Administration. The Methodology was developed in close collaboration with the international consultants provided by the PARIŠ (Public Administration Reform in Serbia) Project.

The key accomplishment of the efforts of General Secretariat, carried out in the previous period, is the development of the Methodology for Strategic Planning and Development of the Annual Government Work Plan.

The methodology was finalised and distributed to the main stakeholders (The Prime Minister of the Government of the Republic of Serbia, Ministry of Finance, Legislative Office, Ministry of Justice and Public Administration and Office for European Integrations).

The final version of the methodology will soon be agreed by the working group set up by the Secretary General and will be forwarded to the government for deliberation and adoption.

In terms of its significance, the adoption of this methodology is a critical step in further reform of the process, as the majority of the General Secretariat's competences are related to the strategic planning process and its link to the budgeting process, policy analysis and coordination.

Conclusions and Lessons Learned

These are the lessons from the efforts of Serbia to reform and upgrade its policy management system and in particular its Centre of Government:

- The reform of the policy management system needs to be supported at the highest political level (initial decision by the prime minister or government).
- The reform should begin by strengthening the main institution at the Centre of Government.
- The reform should be led internally by a senior official supported by an internal team and by technical assistance.
- The reform of the policy management system can be expected to last about four years (or more).
- The reform should proceed step-by-step, including legal changes, personnel recruitment, development of methodologies and procedures, training, etc.
- Additional government decisions are normally required as the reform progresses.
- The ministries should be included in the reform process at the second stage (a year or two into the reform process) to ensure that better coordination is matched by better-prepared policy documents and legal drafts.

What are important areas for further reform?

- The planning system, especially the Government Annual Work Programme, should be improved, so as to become more operational and strategy-oriented.
- The policy-management system, especially the preparation of the material for the meetings of the government, should be strengthened to introduce appropriate coordination mechanisms.
- The General Secretariat should be reorganised to ensure clear allocation and performance of the core functions, clear reporting lines and stronger management of the people and the tasks.
- The relations and functional cooperation between the General Secretariat and other bodies performing central tasks in the policy system should be strengthened.
- Policy-development capacity in the ministries, including public consultations and impact assessment should be improved over time.

What should be done next?

- Approve a new policy planning system, along the lines of the proposal developed in broad consultations.
- Prepare and approve approach to policy coordination within the government and the General Secretariat.
- In preparation for restructuring the General Secretariat, perform an organisational review of the General Secretariat that will present concrete recommendations for improving its organisation.
- Continue work on preparing the guidelines and manuals for the new planning system as soon as the new policy planning system is approved and adopted.
- In line with the new planning system and related guidelines, there is a need to work together with the Secretariat of Legislation to prepare the changes to the Rules of Procedure that are required for making the new planning operational.
- Strengthening institutional and human capacities (General Secretariat, ministries, special organisations and government services).

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Annex 1:

Template for Ministry initiatives as described in Step 3

Title of Initiative	Proposing Ministry or Administrative Body	
Type of Decision (e.g. law, decree, conclusion, etc):		
Description of the initiative:		
Source of Commitment:	<input type="checkbox"/> NPI	<input type="checkbox"/> Government Priority
	<input type="checkbox"/> International Agreement	<input type="checkbox"/> Ministry Priority
	<input type="checkbox"/> Other (Specify): _____	
Timeframe:		Comments on timing
Describe specifically how the initiative will meet a government priority:		
Fiscal Impact:	What is the anticipated fiscal financial impact for the year?	Is funding already provided in the budget?
Briefly describe the anticipated significant impacts (economic, social, environmental, constitutional, local government):		
Contact name and position:	Contact details:	

Part 2:

**Civil Society Participation in
Policy Making**

Chapter 6

The Role of Civil Society Organisations in Influencing the Policy-Making Process in the Western Balkans – Perspectives and Obstacles

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Abstract

This paper addresses the role of civil society organisations (CSOs) in the policy-making process in the Western Balkans. It examines the current status of CSOs in the policy-making process, obstacles to being more influential and possible perspectives of this interplay. The recent development of CSOs in the region has shown that the CSO scene remains an active and important agent of reform. In the past, CSOs played an important role in democratisation efforts in the region and they remain a strong voice in the Europeanisation of these countries. However, their role and impact on the policy-making process is still relatively low. Governments have a lot to do to be more open, democratic and transparent in order to work with CSOs and recognise them as partners in solving the problems of their citizens. Using concrete examples of the work of CSOs and their capacities to influence policy change, this paper gives an overview of the strategies of CSOs and recommendations for better outcomes of their policy ideas.

Background: Role of Civil Society Organisations (CSOs) in Overcoming Authoritarian Regimes

After the series of violent conflicts in the 1990s, the region of the Western Balkans⁷ was promised a European future. At the Thessaloniki summit,

⁷ The region of Western Balkans is a geopolitical and economic term coined by EU institutions to mark the geographical area of the countries of the former Yugoslavia (with the exception of Slovenia): Croatia, Bosnia and Herzegovina, Montenegro, Serbia, Former Yugoslav Republic of Macedonia, Kosovo* under Resolution 1244 and Albania. All the countries which belong to the region of Western Balkans are in different stages of the accession process with the EU

the European Council declared that “the future of the Balkans is within the European Union” (European Council, 2003). This political commitment taken by the heads of states and the prime ministers of the governments of the European Union (EU) countries was the strongest incentive given to the societies of the region from the EU’s side and the promise that the future of the region would be stable and prosperous, and within the EU project.

The role of the EU in the countries of the Western Balkans is enormous. Political, economic and social transformation of the countries of the region is taking place powered by the EU accession process and with the prospect that one day these countries will be equal members of the European Union. However, even beyond the support and contribution of the EU through technical, financial and other assistance, the idea of the Europeanisation of these countries has overwhelmed the region and become the driving force and almost only legitimate and workable political idea.

Currently, all the countries of the Western Balkans are in contractual relationships with the European Union. The contractual arrangement is called the “Stabilisation and Association Process” (SAP) and the specific Stabilisation and Association Agreements (SAA) with each Balkan country explicitly include provisions for the future of EU membership of the country involved. SAAs are similar in principle to the Europe Agreements signed with Central and Eastern European countries in the 1990s and to the Association Agreement with Turkey. The SAP process was established in 2000 and pursues three aims, namely: stabilisation and a swift transition to a market economy; the promotion of regional cooperation; and the prospect of EU accession. It helps the countries of the region to build their capacity to adopt and implement European standards. In the framework of the SAP, the Union offers the countries of the Western Balkans trade concessions, contractual relations and economic and financial assistance. The most important criteria for the EU membership of these countries are the Copenhagen criteria and the adoption of the EU *acquis* (European Council 1993, 1995).

CSOs and Policy Making in the Western Balkans

In all the countries of the region the emergence of the civil society (EESC, 1999) after the 1990s is connected with post-conflict and peace-building efforts and reconstruction of the region. With the support of bilateral donors, international non-governmental organisations, international organisations and the EU as the most significant donor to the region, civil society organisations (CSOs) have developed their infrastructure and have become important agents of the reform processes in the countries of the region. Their contribution in advocating the reforms, introducing legislation solutions for socio-economic development and for providing training for the reform of public administration has significantly helped the societies of the region to adjust and move forward to participatory democracies. Human rights organisations and those dealing with civic and pluralistic values and political liberties (freedom of assembly, free elections, etc)⁸ have been the most vigorous. These organisations, while advocating the values of modern, open democracies with respect for the rule of law, have made significant moves forward and have pushed their governments to adopt and implement legislation in these areas, backed by the EU. Also, CSOs have started to take over some state functions and have become important actors in the fight against poverty and trafficking, the protection and care of disable persons and the fight against discrimination in all its forms.⁹ Recently, environmental organisations have been very active in advocating promotion of and adoption of environmental laws.¹⁰ In other areas, unfortunately, the role of CSOs is less evident and present.

8 Core opposition to the authoritarian regimes in the 90s was played by these organisations and they enjoyed the largest support and assistance.

9 The vast majority of social services were once provided by the state institutions but when the state system collapsed due to its ineffectiveness, lack of funds and the economic crisis caused by the wars, international sanctions and isolation, the only organisations which took over were CSOs, which actually developed their own systems of assistance and help towards citizens.

10 According to some EU experts, 30% of all *acquis communautaires* are related to the adoption of environmental laws and bylaws.

Framework for Participation of CSOs in Policy Making and Its Current Limitations

When it comes to the normative framework and legal environment for CSOs in the whole region, it is now much more favourable¹¹. This has helped the existing organisations so that they can maintain their activities and has encouraged new organisations to be created without formal restrictions or limitations. The status of CSOs today is much better than it was just few years ago as they have been recognised by both governments and international actors as one of the most important ingredients of democratic values and the civic culture of these societies.

Civil society played a very important role in democratisation efforts in the late 90s and was an important incentive for overcoming the rule of authoritarian regimes in the region. Since then, the political and activist profile of civil society organisations has been an important characteristic of this sector in the region. In the first democratic governments, experts from CSOs played a crucial role in paving the way to the stability and democratic legitimacy of the new governments. Most CSOs also supported these governments and this “honeymoon” period in some countries in the region was used to create special cooperation bodies or instruments of cooperation between the government and CSOs, while in other countries these institutional arrangements came later.¹² However, even though all the countries have institutionalised the ties between different bodies of government with CSOs and on other levels, the situation is different when it comes to the real impact of CSOs on the policy-making process, their real involvement in participating in the policy-shaping processes and the institutional settings to achieve this. Even the most advanced countries of the region on average have relatively low participation of CSOs in policy making. The cases where it is possible to participate usually take the form of a formal public consultation process, but when it comes to government decisions and measures, policy-making

11 The legal status of non-profit and non-governmental organisations is now enacted by modern laws which are in accordance with international and EU standards in these areas.

12 The first cooperation agreement between the government and CSOs was signed in Croatia in 2001. Institutionalised links go from the establishment of the office for the CSO in the government to signing the special memorandum of cooperation between them.

circles are much closer and not so open and participatory. Especially in this time of economic crisis which has affected the region tremendously (Bartlett and Prica, 2012), policy makers tend to surround themselves with trustworthy allies and loyal policy advisors and to limit the transparency of policy making as much as possible.

On the other hand, limited capacities of CSOs are also shortcomings which stand in the way of monitoring and being involved in the policy-making process. The lack of qualified experts, methodology and resources usually prevents interested CSOs from monitoring the performance of the government¹³. Additionally, a lack of statistical and reliable data, measurement figures and generally a lack of transparency in the areas of public interest makes it much harder to understand and track policy process and its impact on the real life of the citizens. The policy research organisations in the region which should give their voice to more expert-driven, policy discussions are still weak. It has been a recent trend for CSOs to go in the direction of specialising in certain policy areas but their number in the region is still small. However, with strong pressure from the EU side, the openness of the policy-making process is slowly but surely taking hold.

Effective Influence on Policy Making- Some Lessons and a Few Recommendations

The European agenda has become the mainstream topic of almost all the political parties in the region¹⁴, but most of the political debates in the region deal still with symbolic issues of name, identity (Macedonia, Montenegro), territory (Kosovo*, Serbia), nation, religion (Montenegro), statehood (Bosnia and Herzegovina) and recently language issues (Croatia). These debates are value-driven and highly politicised debates which leave no room for rational and evidence-based discussions. And while governments are doing their homework by adopting EU legislation in parliament, where the whole process sometimes takes less than a couple of weeks, public opinion is bombarded

13 The particularly complex processes of budgetary planning and spending, but also some sectoral policies for which people have to be in the field to understand and obtain the whole picture.

14 Except for extreme right-wing parties which are supported by up to 10 % of the voters at general elections.

through the media with irrational, symbolic and shallow debates. This is not fertile ground for analytical debates where validated arguments can prevail and the best ones can be transferred into policy decisions. Consequently, this has put the CSOs of the region in the position to use the best strategy so far proven for their advocacy efforts, simply, to make noise in public through the media (traditional and new) and to use traditional ways of communicating their messages. However, while these organisations have been relatively successful in pushing their policies onto the agenda of their governments thanks to successful advocacy initiatives (mobilisation campaigns, etc) their work in the domain of the monitoring of policy implementation is weak. Additionally, they lack policy evaluation techniques, so that the policy results or failures can be observed, analysed and developed in their work.

In order to establish inclusive systems of policy making, the improved use of knowledge in formulating policy is a necessary vehicle to contributing to the process of democratisation and socio-economic reforms¹⁵. With the current state of affairs in the domain of the social sciences in the region (Centre for Research and Policy Making, 2009), there is yet much to be done.

In recent years, substantial resources have been committed towards strengthening the capacity of CSOs to deliver quality policy research and ensure greater impact on policies. The European Fund for Balkans' Think and Link programme, the Open Society's Think Tank Fund and the Swiss' Regional Research Promotion Programme are the most prominent examples of such initiatives together with the European Union funding schemes.

New policy research organisations or think tanks (UNDP, 2003) in the region have emerged through the transformation of the "traditional" civil society organisations, which have adopted different methodologies of working using the models of EU-based counterparts¹⁶ or through the creation of networks of

15 Knowledge is seen as a critical component of development by UN, OECD and other international organisations working in the area of development.

16 A typical example of this transformation is the Belgrade-based Belgrade Centre for Security Studies which has transformed itself from the Centre for Civil–Military Relations (organisations which advocated parliamentary and democratic control of the army, advancement of human rights and accountability of the security structures during the 90s) through education, to a think tank which regularly produces policy papers on matters of security, role of the women in security sector, security strategies, etc.

highly qualified and Western-graduated scholars who returned to the region and established small independent research centres.

The EFB Think and Link Programme has provided to more than 50 organisations to date with the means and a set of methods to carry out policy research and advocacy on EU-related reform processes throughout the Western Balkans. During the past four years a number of organizations have engaged with the programme to address a wide range of challenges facing their countries in a manner that has encouraged more thoughtful and evidence-based discussions around these reform undertakings. Younger researchers who participated in the capacity-building seminars have clearly benefitted from the training and mentoring services offered by the programme. And overall, organisations appear to have benefitted from the added emphasis on designing and carrying out policy research advocacy efforts. Most of the organisations have made genuine efforts to take on advocacy efforts in their respective topics and these advocacy efforts have resulted in clear, if modest, steps in the reform processes.

Almost all organisations can point to a clear step forward or effect from their efforts. Many of these steps were minor, particularly if the research was introducing new awareness or concepts into the policy debate. Still, the fact that organisations could identify specific areas of ‘successes’ in their issue area can be considered a positive impact. This included such steps as getting key ministry and institutional officials to take on portions of the recommendations, of having some of the researchers become members of draft committees for the legislation in question, and of building new/good relations with relevant government bodies in the issue area for further work together.

The organisations involved in the Think and Link Programme are relatively young organisations and have limited organisational memory and not-so-developed organisational structures. The majority of the researchers stay with these organisations for no more than 2 years and then move on, pursuing their academic or political careers. This constant movement of researchers leaves these organisations without necessary human capital to build organisational capacities and to grow. The other consequence of this trend

is that the vision of the organisations, written in the acts of establishment of the organisations, is not followed and usually not functional, while strategies are developed in the short run. Development of a long-term strategy and the vision of the organisation will help researchers to stay and to share ownership and responsibility in the project they want to be part of.

The quality of the research results of these organisations is also something which needs to be mentioned. Although there are organisations which are producing very good, quality material, a number of organisations are simply producing advocacy pamphlets which are not supported by rigorous research. That is why an important aspect of the future work of these organisations should be to develop quality standards when conducting their research and especially when they are producing their research results. Networks are also a very important aspect of the work of these organisations and they are still to be developed. Through networks, participants can build alliances, develop a common language and construct shared knowledge. This is very important in the region of the Western Balkans, where countries differ in their socio-economic development but share very many other things in common.

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Chapter 7

Towards More Open, Inclusive and Effective Policy Making – Institutionalising Public Consultations in Croatia

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Abstract

This paper provides an overview of efforts invested by the Government of the Republic of Croatia towards institutionalising consultations with the interested public as essential prerequisites for the effective formulation and implementation of public policies. Thanks to the employment of a variety of measures and policy instruments – adopting clear strategic and policy documents, ensuring solid policy coordination structures and procedures, appointing civil servants responsible for conducting public consultations, running systematic training programmes and monitoring of the performance of all government bodies in implementing the adopted consultation standards – so that a gradual progress can be observed in regard to embedding a culture of open and inclusive policy making in Croatia.

Responding to the challenges of more inclusive policy formulation in Croatia’s EU accession process

Consultations with the interested public and impact assessments are generally considered to be essential for effective policy formulation and implementation. They enable governments to draw on the widest source of information and expertise possible, which improves transparency and accountability, raises the level of public confidence and promotes evidence-based policy making (OECD 2001, 2012).

Although the organisation and functioning of domestic politics and public administration, including the national consultation processes, is no formal competence of the European Union, systematic involvement of the interested public in policy making is generally considered to be good practice within the EU, and is of fundamental importance for delivering the ambitious EU strategic objectives (European Commission 2010). Over the years, the European Commission has made great progress in opening its policy making to stakeholders. Efforts towards improving the consultation processes in order to strengthen the voice of citizens and stakeholders have been reflected among others in the new provisions of the Lisbon Treaty on participatory democracy, new approaches to smart regulation in the European Union, gradual introduction of the integrated Impact Assessment procedures and the establishment and revision of general principles and minimum standards for consultation of the interested public (European Commission 2002). In addition, the Council of Europe adopted a code that defines at the European level a set of general principles, guidelines, tools and mechanisms for civil participation in the political decision-making process at the local, regional and national levels, and aims to contribute to the creation of an enabling environment for civil society organisations and citizens' empowerment in the Council of Europe member states (Council of Europe 2009).

Despite the fact that interest group politics, consultation and good governance practices were not subject to strict conditionality in the EU accession process of Croatia, the context of Europeanisation generated a certain level of adaptational pressure and provided an incentive for transforming the perception of sound policies and good models of interaction between civil society and governmental actors in the national decision-making processes.

However, the highly technical nature of the EU adjustments, as well as the accelerated dynamics of legislative adjustments, which resulted in more than 86% of laws adopted through urgent procedure in parliament, has significantly narrowed the space for the meaningful participation of non-state actors in the process of policy formulation during the EU accession process (Vidačak, 2011).

It is within this context of rising expectations among representatives of the interested public regarding acceptable international standards of openness,

transparency, accountability and participatory decision making, but also increasing constraints of meaningful involvement due to the “hurry-up atmosphere” created around legislative initiatives, that Croatian Government and civil society organisations started intensive discussions on mechanisms for institutionalising procedures of public consultations. Setting minimum standards for interactive policy making was advocated by a large number of civil society organisations and is widely considered to be a source of democratic legitimacy of the EU accession negotiations process.

Designing the new policy framework for institutionalising public consultations

The drafting of the Code of Practice on Consultation with the Interested Public in the Procedures of Adopting Laws, other Regulations and Acts was initiated in June 2007, in accordance with obligations deriving from the objectives of the National Strategy for the Creation of an Enabling Environment for Civil Society Development 2006-2011 (adopted in July 2006) and its Operational Implementation Plan. A better framework for dialogue between the government and interested public in shaping new public policies was regarded as an essential component of building a more favourable environment for development of an independent and vibrant civil society. Following extensive public debates on improving standards of consultation and continuing pressure from CSOs, the development of the Code of Practice on consultation was introduced as one of the priority measures within the Action Plan of the Strategy of Combating Corruption (which was adopted by the government in June 2008). Strengthening proactive transparency and designing more open and inclusive policy-making processes was identified as an important preventive tool in the fight against corruption. Moreover, the development of the model of consultations on proposals of programmes, laws and other regulations with NGOs and the public was recognised as one of the important activities planned within the Strategy of Reform of State Administration 2008-2011.

The content of the Code was harmonised, to a great extent, with the general principles and minimum standards for consultation of interested parties, which the European Commission has administered since January 1st 2003,

as well as with the Code of Good Practice for civil participation in the decision-making process, which was endorsed by the Council of Ministers of the Council of Europe with its Declaration in October 2009.

The process of drafting the proposal of the Code was inclusive and participatory. Representatives of civil society organisations were given the opportunity to give their input regarding the content of the Code, through various public debates organised by the Government Office for Cooperation with NGOs and the Council for Civil Society Development.

The government adopted the *Code of Practice on Consultation with the Interested Public in Procedures of Adopting Laws, Other Regulations and Acts* at its session held on November 21st 2009. The adoption of the Code was a direct consequence of its being part of the Anti-Corruption Action Plan that was regularly monitored by the European Commission, but also the result of intensive advocacy efforts by CSOs through the Council for Civil Society Development.

In 2011 parliament adopted the Law on Regulatory Impact Assessment (followed by a Government Decree on Implementation of the Regulation Impact Assessment Procedure which envisages compulsory and thorough public consultation practices in the earliest stage of formulating new policy initiatives. Although not formally part of the EU *acquis* requirements, the adoption of this legislative innovation was a direct result of intensive awareness-raising activities undertaken within the framework of an EU twinning project.

With the change of government at the end of 2011, new impetus was given to institutionalising strategic policy framework for conducting public consultations. The new government's four-year programme brought to focus transparency and openness of public authorities and the involvement of citizens and civil society in shaping public policy.

In April 2012, the government adopted an Action Plan for the implementation of the initiative Open Government Partnership in the Republic of Croatia which has foreseen additional reforms in the area of citizen and civil society participation in public policy formulation.

After a long process of public debates, the National Strategy for Creating an Enabling Environment for Civil Society Development for the Period 2012-2016 was adopted in July 2012, as a result of a broad consensus among civil society, government and business representatives about the strategic priorities in this area until 2016. The National Strategy introduced, among other things, new measures for strengthening capacities of civil servants for effective involvement of CSOs and the interested public in policy formulation and implementation.

In 2012 (at its session held on October 31st) the government adopted amendments to its Rules of Procedure which further affirmed the importance of implementing the Code of Practice on Consultation (with special emphasis on feedback to the public on consultation results). With adopted amendments the government secured the potential for increasing citizens' trust in the political processes and for improving the quality of regulations. More specifically, with these amendments, public consultation and reporting on the results of consultations are again recognised as an inevitable part of the process of decision making at the national level. Central state administration bodies are obliged to send to the government's procedure draft proposals of laws, other regulations and acts, to enclose related reports on the outcomes of the conducted consultation (with explanatory memorandum on why certain contributions were not accepted). With these amendments to its Rules of Procedures, the government has carried out the measures which it was obliged to do by the Open Government Partnership Action Plan and the National Strategy for the Creation of an Enabling Environment for Civil Society Development 2012-2016.

In February 2013, the Croatian Parliament adopted the new Law on Access to Information which paves the way for more systematic progress in the area of proactive transparency, openness and conducting meaningful stakeholder consultations at all levels of public administration.

Putting into practice new standards of consultation with the interested public

The *Code of Practice on Consultation with the Interested Public in Procedures of Adopting Laws, Other Regulations and Acts* sets the minimum standards of

consultation of the interested public that Croatian government bodies need to respect when drafting a proposal for a law, other regulation or act (resolutions, declarations, strategies, programmes, etc.). These are: i) timely information about the plan for enactment of laws and adoption of other regulations and acts; ii) access to and clarity of the content of the consultation process; iii) the time limit for the implementation of Internet and other forms of consultations; iv) feedback information about the effects of the consultations conducted; v) harmonisation of the application of standards and measures of conducting consultations in state bodies

Like in most other countries that have adopted similar acts, the Code does not have a legally binding character. However, in order to ensure the harmonised and effective application of the adopted standards and measures by state bodies, the closing provisions of the Code, as well as the subsequent strategic and policy documents, foresee four important instruments. These are: i) the drafting and adoption of the detailed Guidelines for the Implementation of the Code of Practice on Consultation; ii) appointment of consultation coordinators in ministries and government offices; iii) development and implementation of training programmes and peer-to-peer support for consultation coordinators; and iv) regular monitoring the implementation of the Code through producing annual reports.

In the closing provisions of the Code it was scheduled that the Government Office for Cooperation with NGOs (GOFCNGOs) would develop the Guidelines for the Implementation of the Code, together with a programme of methodical education of consultation coordinators (appointed by all ministries) within three months of the Code being published in the Official Gazette.

In February 2010 GOFCNGOs developed the Draft Guidelines for the Implementation of the Code and opened a public debate on its content. In addition to the Draft of the Guidelines being published on GOFCNGOs' website, four regional consultation meetings were organised (in four regional urban centres - Rijeka, Zagreb, Split and Osijek). The National Committee for Monitoring the Implementation of Measures for Combating Corruption, chaired by the prime minister, supported the implementation of the Code and of the Guidelines for the Implementation of the Code as the basis for the education of consultation coordinators in state administration bodies.

Guidelines were printed in April 2010. In May 2010 GOfCNGOs sent the Guidelines to all central state administration bodies and requested that they nominate consultation coordinators with the aim of coherent monitoring and coordination of consultation procedures. For the nominated coordinators, GOfCNGOs prepared training material on the implementation of the Code and the cycle of training began in July 2010.

In 2011 and the first half of 2012, GOfCNGOs conducted the project of technical assistance IPA 2009 *Strengthening the Capacity of the Government Office for Cooperation with NGOs for Building an Effective Partnership with Civil Society Organisations in the Fight against Corruption*, the aim of which was to improve cooperation between state administration bodies and civil society organisations in combating corruption, and the main activities included development of the integral programme of education and training for consultation coordinators, the organisation of several public discussions and development and printing of the Manual for Consultation. The programme of education and training was implemented through three modules. Consultation coordinators got acquainted with all the aspects and steps in the implementation of consultation and had an opportunity to exchange experience and practices. As part of the practical work, consultation coordinators started to develop special pages for consultation on the websites of state administration bodies. In the meantime, GOfCNGOs organised monthly meetings with all consultation coordinators in order to enable regular exchange information and peer-to-peer support in conducting public consultations and raising awareness within the ministries and government offices.

Also, on GOfCNGOs' website there is a special page about consultation, which serves as a focal point for the interested public searching for information on all open/closed public consultations of state administration bodies. The National Open Government Partnership Action Plan envisages the creation of a unique web portal on consultation that would facilitate permanent communication between the state administration bodies and the interested public on all regulations in the process of adoption by the government.

In February 2013, the Government Office for Cooperation with NGOs and the State School of Public Administration started a new series of training seminars

on conducting effective public consultations – intended for consultation coordinators, PR officers and legal and policy experts in all ministries and other government bodies.

Monitoring the implementation of the Code of Practice on Consultation

GOFCNGOs is responsible for preparing annual reports on the implementation of the Code of Practice on Consultation with the Interested Public in Procedures of Adopting Laws, Other Regulations and Acts. During 2012, significant improvements were carried out regarding the implementation of the Code. The online communication team of the Croatian Government kept promoting the implementation of the Code and informing the wider public about all open consultations via dynamic government social network profiles. In addition, all ministries have developed special web pages dedicated to public consultations and have begun using a variety of consultation methods, while practices on reporting on public consultation results have also started improving. The diversification of consultation methods turned out to be particularly important for reaching out to a wide range of organisations and preventing the predominant influence of any interest group in policy-making process.

The latest report for 2012 shows substantial progress in implementing the Code by the new government. The number of laws, other regulations and acts that have undergone public consultations increased to 144 which is a radical improvement, compared to only 48 in 2011, and 30 in 2010. In addition, compared to only 173 written contributions by the interested public in 2011, various ministries and government offices received 4,773 written contributions to draft legal initiatives during 2012. In addition, it is worth mentioning that reports on consultation results were published for 76 acts, which is encouraging progress given the almost non-existent practice of feedback to the public in previous years.

The progress in more effective implementation of the Code of Practice on Consultation implied three types of coordination (Davis 1998; OECD 2004; Musa and Petak 2011) – political coordination (ensuring that government

ministries and offices share common objectives and rhetoric regarding the importance of the Code), policy coordination (setting clear goals and objectives and preventing contradictions between related policies), and administrative coordination (the orientation for effectiveness and efficiency in accomplishing tasks determined by the government concerning the Code).

Organising coordinative meetings and training workshops for civil servants involved in various stages of conducting consultations proved to be a very useful instrument of policy and administrative coordination, and provided substantial contribution to the effective monitoring of implementation of the Code. The meetings opened numerous opportunities for the regular exchange of experiences and enabled a solid platform for discussing and solving problems arising from the everyday practice of ministries and government offices. In addition to raising expectations about the acceptable standards and desired quality of performance of all ministries, the coordination meetings serve as an important peer-to-peer support network that is very much needed in an administrative environment with a rather short tradition of developing multi-stakeholders' policy dialogue. In addition, the monitoring of implementation of the Code was also the focus of work of several strong CSOs, but also of European Commission peer missions as part of their permanent external assessment of progress in the fight against corruption. This has led to generating more political and administrative support to achieving the standards set by the Code.

Finally, it is through a combination of systematic training (investment in the skills of civil servants), peer-to-peer support at regular coordinative meetings of consultation coordinators, reporting on implementation of the Code and the independent monitoring and watchdog activities of CSOs, as well as through awareness-raising activities among the wider public, that the full impact of the Code on transforming the culture of engaging citizens and CSOs in the policy-making processes in Croatia is expected to be seen.

Conclusion and Lessons Learned

In conclusion, several main lessons can be drawn from the Croatian experience for the formulation and implementation of new standards of

institutionalising public consultations in the policy-making processes. These can be summarised in three key points:

- Strong political will and policy coordination capacities in structural and functional terms;
- Diversification of consultation methods (social networks, open internet consultations, public meetings, open space, etc); and
- Feedback to the public as an essential tool for confidence building.

Ensuring the responsiveness of government bodies and reporting back to the public soon after the closure of consultations is of particular importance and cannot be overstated. By making the stakeholders feel valued and appreciated, feedback will encourage continuing participation. It will build trust and confidence in the engagement process. The emphasis should be put primarily on understanding the essence of the communication process, on raising the awareness of benefits of engaging citizens in policy making and ensuring real engagement rather than following the same bureaucratic procedures in all cases.

The importance of creating functional policy networks and strong multi-stakeholder interaction will become even more evident in the post-EU accession period. The first reason is the expected increased dependency on outside expertise. Namely, in view of the imminent brain drain to EU institutions and potentially limited resources in public administration to deal with EU affairs, the expertise of various non-state actors will be in high demand, especially given the highly technical nature of the discussions that lead to policy making in the EU. A second policy bonus that will be especially important for Croatian government bodies within the EU's multi-level policy-making system will be the capacity to contribute to effective implementation of the policy once decision making has been concluded at the EU level.

Facing these challenges in a successful manner in post-accession Croatia will require continuous investment in capacity building of officials and civil servants as a prerequisite for long-term transformation of the culture of work at all levels of public administration and in all policy areas.

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Chapter 8

Participation of Civil Society Organisations in Decision-Making Processes: The Example of ‘Sectoral Civil Society Organisations’ in Serbia

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Abstract

In the accession process, Serbia needs to prioritise capacity-building policies with regard to the management of EU funds and other development aid, since the previous experience of the Eastern enlargement points towards the relevance of this issue. In response to the challenge presented by the Instrument for Pre-Accession, following thorough research, DACU/SEIO initiated the programme of cooperation with civil society organisations in the area of development aid planning, in particular, the programming and monitoring of the Instrument of Pre-Accession Assistance so as to secure the participation of CSOs in the process of planning development aid and to foster a partnership between the government and the civil sector. As a result, in collaboration with the Office for Cooperation with Civil Society, the Sectoral Civil Society Organisations (SECO) consortium emerged as an institutionalised consultation mechanism. Based on a Sector-Wide Approach (SWAp) and the partnership principle, SECO represented a practical method in accordance with EU standards. Even though the analysis of the implementation of the policy was not smooth in its entirety, due to the fact that it is novel and still in its inception, the SECO mechanism can be considered an example of good practice in South-Eastern Europe.

Background: Why a Consultative Mechanism for IPA Programming?

As a functioning public administration is a requirement for efficient and effective management of the financial resources made available from the pre-accession funds, Serbia, similarly to other countries in the accession process, needs to build up its administrative capacities (SEKO za sektor reforme državne uprave). Moreover, later on, when it accedes to the Union, these institutions and the expert personnel dealing with the programming, implementation and evaluation of EU funds will be of paramount importance in the management of Structural Funds. Additionally, these competences are a useful reference point of a country's absorption capacities and reveal its readiness to make effective and efficient use of the allocated funding. (SEKO za sektor reforme državne uprave)

Bearing in mind the experiences stemming from Eastern enlargement, it was the public sector that represented a major challenge in terms of professionalisation and the qualifications of human resources, inter-sectoral coordination and project implementation (Serbian European Integration Office, The Training of Civil Servants). Capacity-building policies in regards to institutions and human resources dealing with management of EU funds proved to be a priority. These experiences pointed towards a need for involving regional and local structures and civil society in the monitoring of the use of the financial resources and ensuring transparency and preventing corruption and not merely entrusting national authorities with management of EU funds. Thus, it was deemed that a dialogue on the contentious issues of this area with relevant actors would strengthen the capacities managing EU funds.

During the entire process, civil society, despite often being sidelined or even excluded, has proved to be an important partner to the government in streamlining the workload of the state administration and strengthening inter-sectoral cooperation. A case in point is Estonia, where a joint committee comprised of government and CSO representatives, played a significant role in the accession process. Thus, even though cooperation with civil society is not an explicit requirement for EU membership, it plays a vital role in

strengthening the capacity for optimum utilisation of EU funds (Golubović & Anđelković 2011). The Czech Republic sets an example of an institution mechanism assisting CSOs in applying for EU funds, which increased the use of available funds (Golubović & Anđelković 2011). Furthermore, the new Instrument for Pre-Accession Assistance (IPA) in comparison to the previous Instrument for Structural Policies for Pre-Accession (ISPA), Poland and Hungary: Assistance for Restructuring their Economies (PHARE), and the Special Accession Programme for Agriculture and Rural Development (SAPARD) puts additional responsibility on the governments in terms of participating in the programming, denoting project priorities and implementation (Golubović & Anđelković 2011). Consequently, civil society needs to be mobilised in the process in order to tackle the newly-found situation with all available human resources.

As early as 2009, the Department for Planning, Programming, Monitoring and Reporting on EU Funds and Development Aid of the Serbian European Integration Office (DACU/SEIO) began a consultative process aiming to set civil society priorities that reflect the actual state of affairs and devise project proposals for the development of civil society organisations (CSOs) accordingly. At the time, since DACU/SEIO did not have a consultation mechanism of its own, it turned to the organisations that had signed a Memorandum of Understanding with SEIO, the Ministry of Human and Minority Rights, or the Team for Social Inclusion and Poverty Reduction (SIPRU), which assured the contribution of over 150 organisations (Golubović & Velat 2009).

Over the years, DACU/SEIO defined a procedure which would lead to improved coordination of the processes of planning, budgeting and programming of foreign assistance, coordinating individual donors' annual programming, coherence of funded programmes, etc. (Serbian European Integration Office 2010). The realisation was that CSOs should be given a greater role than merely defining priorities for the civil society development programme, based on an *ad-hoc* consultative process.

Policy Objectives: Cooperation with the Civil Society

Therefore, DACU/SEIO announced from the beginning that the objective of the *Programme of Cooperation with Civil Society Organisations in the Area of Development Aid Planning, in Particular the Programming and Monitoring of the Instrument of Pre-Accession Assistance* (hereafter: the Programme) was “to provide participation of CSOs and build partnership between the government and non-government sector in the process of planning development aid, in particular IPA programming and monitoring” (Serbian European Integration Office 2010, p. 4). It was noted that the partnership principle brought added value from enhanced commitment, broader expertise, greater transparency and improved efficiency of the policy-making process to more effective implementation, better targeted programme actions and enhanced local development capacity (Kelleher, Batterbury & Stern 1999).

The Programme was initiated with the goal of facilitating the DACU/SEIO to build partnerships with relevant stakeholders in the planning and programming of international assistance, specifically EU funds (Serbian European Integration Office 2010). The specific objectives were to construct a consultative mechanism that would serve as a communication and cooperation platform for a facilitated discussion between DACU/SEIO and the CSOs in terms of IPA programming and monitoring. The Sectoral Civil Society Organisations (SECOs) are envisioned as the main actors in the consultative mechanism, whose work will be coordinated by the SEIO.

Methodology Used: The Sectoral Approach

Cooperation between the government and CSOs may be institutionalised through a variety of mechanisms. While deliberating on the most appropriate policy option in order to enable the exchange of ideas with the CSOs, DACU/SEIO instigated a research into cooperation with experts from the civil sector. Based on the evidence acquired through comparative research of the best practices in the region, and opinions of NGOs, civil servants, regional actors and national partners, the proposal brought forth a permanent consultation mechanism with civil society. Moreover, these views were also considered when devising the Programme (Serbian European Integration Office 2012).

Through the consultation mechanism continuity and sustainability of the consultation and lasting dialogue between the government and the civil society is ensured. Additionally, in accordance with the EU partnership principle, such an institutional mechanism of consultation strengthens the partnership between the two parties. In the EU, the partnership principle is one of the four principles of the Structural Funds, which entails the involvement of a wide range of socio-economic actors, regional and local authorities and organisations representing civil society in all the activities pertaining to the programme cycle – preparation, implementation, monitoring and evaluation (Commission Staff Working Document SWD(2012) 106 final).

The sectoral approach to planning, which is not in any way a new phenomenon in the EU, may be defined as a process directed towards the development of coherent sectoral policies and strategies, which is characterised by the joint work of the government, donors, and other relevant actors in the respective sector. Moreover, it is a practical approach to planning and regulating that strengthens ties in between sectoral policies, the budget, activities and results. Thus, the European Commission supports the use of a sectoral approach in the planning and monitoring of IPA, and coordinating assistance.

In this sense, the CSOs are an important instrument in the consultation process as their role is twofold. They are facilitating the articulation of citizens' particular or general interests, while also benefiting from direct protection of certain rights such as free access to information of public importance, freedom of speech and assembly, etc. that result in the right to participate in the decision- and policy-making processes (Golubović & Velat 2009). The Treaty on the Functioning of the European Union (TFEU) also states in Article 11(3) that “the Commission shall carry out broad consultations with parties concerned in order to ensure that the Union’s actions are coherent and transparent,” while Article 15 acknowledges the importance of ensuring participation of civil society (Consolidated Version of the Treaty on European Union O.J. C 83/15). The consultation procedure is laid down in Article 154 and Article 155 TFEU in regards to policy fields denoted in Article 153 TFEU (Consolidated Version of the Treaty on European Union O.J. C 83/15).

Furthermore, the European Commission has a longstanding practice to “consult widely before proposing legislation and, wherever appropriate, publish

documents,” which became a central part of the Better Regulation policy (Communication from the Commission COM(2002)704).¹⁷ In this sense, it is deemed that consultation offers the structured involvement of external parties that offer invaluable expertise, which in turn leads to enhanced evidence-based policy making and increased transparency. Therefore, throughout the policy cycles, from the onset (i.e. policy design) to the implementation and evaluation, consultation provides the platform for a great spectrum of voices to be heard and reconciled, which as well assures a greater and broader degree of public trust and support for decisions made. In the Commission’s White Paper on European Governance the fundamental principles guiding the Commission in the consultation relationship are: participation, openness and accountability, effectiveness and coherence (European Governance: A White Paper. COM(2001) 428).¹⁸

Policy Design: Towards a Consultative Mechanism for IPA Programming

The Sector-Wide Approach (SWAp) to planning is as a process that delineates the manner in which the government, the donors and other key actors within a certain sector can jointly work towards the development of consistent sectoral policies and strategies. Moreover, it is a practical approach to planning and management, which was undertaken as a response to the challenges of EU accession and the integration process in general (Serbian European Integration Office 2012). The SEIO and the General Secretariat are referred to as the main “engines” of policy coordination within public administration, through the IPA and programming development aid, and budget funding, respectively. In this vein, they have developed a close cooperation in order to incorporate SWAp into the implementation of common policy objectives, such as better use of external financing and improvement of policy coordination within the government. The document “Requirements

17 Better Regulation is a wide-ranging strategy aimed at the consolidation, codification and simplification of the existing legislation and improvement of new legislation.

18 Participation: “[The] quality of [...] EU policy depends on ensuring wide participation throughout the policy chain – from conception to implementation.”; Openness and Accountability: “The[European] institutions should work in a more open manner [...] in order to improve the confidence in complex institutions.”; “Each of the EU institutions must explain and take responsibility for what it does in Europe.”; Effectiveness: “Policies must be effective and timely, delivering what is needed.”; Coherence: “Policies and action must be coherent [...]”

for International Assistance to the Republic of Serbia 2011-2013” provides a framework for the gradual introduction of SWAp, which has the prospect of reinforcing the national planning system. Still, it is important to note that there is no unique model for the introduction of a SWAp, and that there is a spectrum of prerequisites for successful management of such an approach (Serbian European Integration Office 2012).

In January 2011 DACU/SEIO through the support of the Swedish International Development Cooperation Agency (SIDA) and the Department for International Development (DfID) initiated the Programme with the goal of establishing a consultation mechanism with civil society organisations enabling their participation in the programming and monitoring of EU funds and other international development aid. Afterwards, SECOs were selected through an open call published in January 2011 (Serbian European Integration Office 2012). The selection of a SECO consortium for eight sectors was entrusted to a Commission comprised of representatives from the Office for Cooperation with Civil Society, Technical Assistance for Civil Society Organisations Office in Serbia (TACSO), and the SEIO. While on the one hand, the key partners in the process are the SECOs, the SEIO, and the Office for Cooperation with Civil Society, on the other hand, technical and financial assistance to the programme was assured by TACSO and the Balkan Community Initiatives Fund (BCIF).

To clarify, a SECO is a CSO consortium comprised of a leading SECO organisation and a maximum of two other CSOs, which further form their own organisational networks. As an illustration, the leading consortium for SECO Public Administration Reform is comprised of the European Movement in Serbia, Belgrade Open School and the Belgrade Fund for Political Excellence. The network of this SECO is comprised of 27 CSOs active in the field of public administration reform in the wider sense of the word. In practice, the role of the European Movement in Serbia, as the lead of the consortium, is to organise sectoral consultations on IPA programming, to disseminate and ensure collection of information and comments, etc.

According to the last overview from March 2012, corresponding to the Needs Assessment Document of the Government of Serbia for the period

2011-2013, there are eight SECOs: Rule of Law; Public Administration Reform, Civil Society, Media and Cultural Rights; Competitiveness; Human Resources Development; Agriculture and Rural Development; Transport; and Environment and Energy (Serbian European Integration Office 2011). As defined in the Programme, having established a network of organisations around a SECO, the CSOs' role is to foster vigorous dialogue on standpoints and recommendations regarding issues pertaining to their respective SECO, to keep DACU/SEIO notified on a constant basis and submit biannual reports regarding their activities to DACU/SEIO (Serbian European Integration Office 2012). Furthermore, CSOs need to take part in the consultative process during the programming process of IPA and international development aid, and IPA sectoral monitoring committees and sub-committees, and the consideration of the Needs Assessment Document (NAD) (Serbian European Integration Office 2012).

To summarise, the main activities of selected SECOs should be directed towards the development of communication mechanisms with SEIO/DACU aiming to ensure the participation of CSOs in the programming process of international assistance and harmonising priorities with those defined by the state.

Policy Implementation: Challenges of Making SECO Work

In the first biannual report of the CSOs in the SECO Rule of Law in 2011, the need for capacity building of the CSOs was deemed necessary in order for them to more actively tackle IPA programming (Serbian European Integration Office 2011). Additionally, at the point, the CSOs concluded that they are still not in a position to significantly influence priority setting for the project financing from IPA or other sources of development aid. They acknowledged that this is partly due to the fact that the mechanism was established in March 2011, while the SECOs were formed rather late, more specifically, in August. The Competitiveness and Transport SECO lagged behind even more (Serbian European Integration Office 2011). As a response to the observed problems, the Rule of Law SECO initiated the project "Capacity building of the SECO Rule of Law for advocacy and monitoring policies and practices in

the area of rule of law” which was conceived as a corrective measure for the lack of capacity assessment of the network and individual members in terms of impact within their sector (SEKO za sektor reforme državne uprave).

In the most recent available report pertaining to the period from December 2011 to March 2012, alongside the need to increase the capacities of the network members so as to get more actively involved in IPA programming, a recommendation urged joint projects. Additionally, recommendations stated that leading SECOs need to assist their respective network in improving their knowledge on IPA funds and processes, while state institutions and SEIO need to timely inform SECOs on activities and issues which are to be discussed as well as to include SECOs earlier in the process of drafting documents and projects so that they are able to give forth comments which have a greater likelihood of being considered and incorporated (Serbian European Integration Office 2012).

The Office for the Cooperation with Civil Society, having considered the issues SECOs brought to the foreground, took action in terms of designating contact civil servants within ministries who would be previously informed by the SEIO on SECOs and their role, and would therefore be in charge of communicating with SECOs, even outside of the meetings of sectoral working groups (Serbian European Integration Office 2012). Still, the lack of a clear calendar of activities remained an obstacle to the adequate participation of SECOs in the process of programming for IPA 2013. The SEIO emphasised that it had sent the Action Plan for Programming and Reporting on EU Funds and Development Assistance to the Republic of Serbia, which incorporated an activities calendar that provided deadlines as accurate as possible.

Mirjana Lazović, an advisor at the SEIO and a member of the commission in charge of selecting the SECO consortium, remarked that the present algorithm of cooperation corresponded to the working pace and the needs of the public administration. The problems in the implementation of the programme, which she pinpointed, were in accordance with the aforementioned reports. More specifically, she referred to a lack of knowledge of the SECO members on the process of IPA programming, which in return influenced the quality of their input in terms of comments, suggestions and proposals. Namely,

in her opinion, the leading CSOs have the necessary understanding and knowledge of IPA and their role in the consultation process, while numerous network CSOs, despite the extensive training held by the SEIO for over 200 participants in total, do not comprehend the process and attempt to seek their own interests, thereby assuring funding. The fact that the activities schedule is flexible, meaning that the calendar changes and is dependent upon the Delegation of the EU, SECOs are not in all instances notified of meetings as early as the organisations would prefer. Lazović also mentioned that the materials and project files were not sent sufficiently in advance. However, as this is beyond the SEIO's control, she argues that the CSOs need more time to adapt to their role in the mechanism and the way it is being conducted.

According to an unnamed member of a SECO, an additional challenge to the functioning of SECOs can be noted. Namely, the member organisations frequently emphasise the lack of funding for their work. This problem proves especially problematic when sector consultations are organised, as it often impedes organisations from outside Belgrade from taking part due to the lack of coverage of travel expenses. Even SECOs that have ensured some additional project-based funding of their work stress that these funds can barely finance travel expenses for all the members of their network to go to one consultative meeting a year. Some SECO members emphasise that this mechanism needs to be better understood as “free expertise” by the public administration, for which stronger financial support to its overall functioning should be provided.

Conclusion and Lessons Learned

- The inclusive and evidence-based policy-making process based on EU principles has led to appropriate policy mechanisms.
- The most significant drawback of the policy was the lack of understanding on the part of the network members on intrinsically technical matters.
- Extensive and comprehensive capacity-building training of CSOs have shown to be necessary for the proper functioning of the mechanism.
- Political will was crucial to maintain close cooperation with the CSOs, and incorporate their capacities towards a joint goal.

- Introducing an assessment of the performance of lead SECO organisations could prove useful as well as re-selecting them or even changing them in certain time intervals should their work not prove satisfactory.
- The mechanism offers an example of good practice due to the possibility of replicating a similar policy in different policy areas.

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Chapter 9

Concept for the new Law on Civil Servants and State Employees

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Abstract

The process of Euro-Atlantic integrations is the key priority of the Government of Montenegro, and its goal is to boost the standard of living and citizens' trust in institutions. As the part of the process, special focus should be given to the harmonisation of the national legislation with the EU standards and with special referral to the public administration reform. One of the most important parts of the PA reform refers to the civil service system which has the aim of developing efficient administrative potentials that will contribute to the development of transparent, efficient and service-oriented public administration by using their knowledge and skills. How to achieve this goal? What are the reforms that are supposed to be achieved? All these questions are still open issues and it was not easy to find the appropriate solutions.

Background of the policy design: The policy problem

Administrative reform is a long and demanding process which includes several complex but complementary phases, with numerous activities of analytical, normative, legal and many other characteristics. This problem cannot be processed partially, but we also cannot define the beginning of the reform. Maybe someone might think that the beginning of the administrative reform is strongly linked to the independence of Montenegro and the creation of an independent and internationally recognised country. But that process also required the creation of a legislative and institutional basis which would enable its smooth functioning in a better or worse manner.

Therefore, in order to achieve the goal, it was necessary to carefully identify the areas which should be upgraded and improved. At this stage I will start with the administrative reform which is defined by the Public Administration Reform Strategy, which was adopted by the Government of Montenegro in March 2003. The Strategy encompassed the period until 2009. Hence, public administration reform started in 2003. This reform did not refer only to the legislative aspect, i.e. harmonisation and preparation of the new regulations, but it was rather a precondition, because regulations actually represent the basis preventing or enabling the reform.

First, regulations must be easily applicable, both regarding their content and willingness. When we say “willingness” we mean political willingness to make the regulation applicable.

Therefore, the basic issue of the policy’s quality lies not only in its content, its harmonisation and legal framework, but also in its consistent application for which it is essential to provide all the necessary conditions through the creation of necessary administrative capacities. The basis for the rule of law is in the consistent application of regulations. At this stage, I would like to reflect on the general provisions of the Administrative Reform Strategy from 2002, especially civil service reform as one of the most important segments of reform.

Following the AURUM, there are three basic goals stemming from these strategic commitments:

- Harmonisation of the national legal system with EU standards,
- Development of efficient and modern administrative potentials,
- An efficient and citizen-oriented administration.

The documents that the government determined as the basic ones for meeting strategic goals are: AURUM (2011-2015), the Progress Report of the EU and the SIGMA recommendations.

AURUM defined three priority reform areas: state administration, local self-government and public services. The aim of their introduction was to provide continuation of Montenegro’s preparation for the EU accession, continuation

of the transformation and modernisation of the economy and society, and to provide better services to citizens. This aspect served as the basis for drafting the Policy Paper for the new Law on Civil Servants and State Employees as the key element of reform.

Policy Objectives

Most countries have rather comprehensive civil service laws and additionally sometimes a series of special laws dealing with special branches of the civil service, while technical details are covered by secondary legislation. With regard to the structure of civil service legislation, two aspects should be taken into account: firstly the relation between **general and special primary legislation** and secondly the relation between **primary and secondary legislation**. Avoiding fragmentation of the civil service should be one of the objectives of civil service legislation. This can be achieved by adopting a general law applicable to all branches of the civil service, while special laws for specific branches of the civil service should always be an exception. These special laws should be restricted to the specificities of the respective branch, while comprehensive laws dealing with special branches of the civil service would tend to undermine the unity of civil service, which is based on the fact that all civil servants employed by the state (or other legal entity) exercise the same public authority and should be subject to the same principles. Balancing adequately the degree of regulation in primary legislation and in secondary legislation is also highly important, specifically in transitional situations such as in Montenegro. If too many specialities and details are covered by primary legislation, the government loses its flexibility to adapt the system to changes and also to financial needs. Dealing only with the principles in primary legislation, while all the various and changing details are covered by secondary legislation entails a further advantage: repeated changes of primary legislation would reopen the political debate on the civil service with regard to each and every amendment proposed, while adaptations implemented in secondary legislation would avoid this form of politicisation.

What were the novelties in the civil service system?

1. Clearly defined scope of the Law;
2. Division of employees into: civil servants who perform administrative and related tasks; and state employees who perform administrative-technical and ancillary tasks;
3. A new recruitment system through the publishing of vacancies which provided transparency and equal access to job positions;
4. Establishing the HRM Authority which was supposed to be the source of new ideas and knowledge in this area, as well as a guarantee in the selection procedure of candidates;
5. A new system of skills i.e. competencies of civil servants and state employees which would provide their promotion.

Methodology used: The choice of policy instruments

Different methods were used during drafting of this document, while special attention was paid to the Recommendations of the European Commission and seven areas. The civil service reform is specifically significant and it is envisaged by the AURUM.

- Strengthening of the principle of merit
- Mobility improvement within public administration
- Harmonisation of the qualification system with job descriptions
- Upgrading the integrity system (incompatibility, the Code of Ethics, conflict of interest)
- Improving mechanisms for career development
- Improving the system of disciplinary liability
- Improving the human resources management system
- Improving the Central Personnel Record
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The Policy Paper for the new Law on Civil Servants and State Employees had to provide answers to several open issues, referring to:

- The legal basis for defining the status of civil servants;
- Efficient structures for management, coordination and civil service control;

- Qualifications of civil servants which are ensured by merit-based recruitment;
- Efficient training;
- An appropriate system of rights and obligations of civil servants and state employees which will define the responsibilities and authorisations of civil servants, as well as their impartiality and integrity.

Policy design: The making of the policy

Starting from the strategic commitment of the government which was designed by AURUM, we initiated an analysis of the civil service system. The team was formed and its main task was to establish the methodology, determine the deadlines and prepare the document which would represent the basis for the civil service reform. Therefore, this referred not only to drafting the laws but to the overall civil service reform for the period determined by the AURUM. A new methodological approach was defined and it included the analysis of actual regulations, research regarding the status, rights and obligations of civil servants (supported by DSSR Project which was financed by the Norwegian Government), organisation of regular meetings with the contact individuals from state authorities where the status of their employees is regulated by specific regulations (e.g. The Law on the Police regarding the status of employees in the Police Administration, the Law on Customs Administration, the Law on Tax Administration, etc.)

The process of drafting this act included drafting of the working material by the working group as well as a review of that material through various forms of conference media on the quality of the mentioned document. This was achieved by organising round tables, regular meetings, presentations, etc.

The working group carefully analysed all the provisions which referred to the civil service system. Here it is important to mention that for preparation of the initial document we received significant support from SIGMA through the engagement of the local expert Prof. Dr. Ljubomir Sekulic (founder of the Administrative Law Department at the Faculty of Law of the University of Montenegro), Hans Achim-Roll (SIGMA) and Doc. Dr. Drazen Cerovic (assistant at the Faculty of Law of the University of Montenegro). The other

part of the working group consisted of practitioners who directly apply the Law on Civil Servants and State Employees, from the HRMA, the Ministry of Internal Affairs, the Ministry of Justice and the Ministry of Defence. The round table, which was held at the beginning of July 2010 and which the members of the working group organised for representatives of the state authorities, media, NGOs and political parties, presented the working material for drafting policies in this field. This material was fully supported by the attendees and the greatest attention was devoted to the scope of the law, as well as to the status of state employees. Namely, the members of the working group were of the opinion that general labour provisions should be applicable to all state employees, which was not accepted by the participants of the round table. Therefore, the working group accepted the suggestions and as for the scope of the law, the discussion was led regarding the status of local employees. With regard to this part, no conclusion was arrived at. After this, the text of the so-called Policy Paper for the Law on Civil Servants and State Employees was drafted and it was presented to the public through the web site of the HRMA and through the organising of round tables in Podgorica, Danilovgrad and Bijelo Polje. Experts who drafted this document, as well as the members of the working group, participated in these events. They emphasised the purpose of adopting this document, and reflected on the used work method and recommendations which represented the basis for the civil service reform. Drafting of this document lasted more than a year and the fact that it had a good purpose and direction is determined by the government's conclusion which defined it as the starting document for the civil service reform.

An interesting fact regarding the public discussions is that they were organised in order that the professional and amateur public should be included in the process of civil service reform with a special focus on the significance of participation of the representatives of the ruling and oppositional parties as well as NGOs and the media. No input was provided by them, but they listened to the recommendations and provided their consent. Therefore, not all the dilemmas that the working group had could have been resolved through the discussions.

Policy implementation: Challenges of making the policy work

The development of a new Law on Civil Servants is one of the priorities of the 2010 Public Administration Reform Agenda in Montenegro (“AURUM”). This paper aims to provide and explain the following policy options for this new law. The recommendations provided in the Policy Paper represent the greatest challenges for Montenegro’s civil service system, and some of them are:

Option 1: The principles of the civil service system should be regulated in a framework law. Details should be covered by secondary legislation based on explicit authority in the new civil service law.

Option 2: The responsibilities the Human Resources Management Authority should be redefined, notably in the area of policy development and legal drafting as well as with regard to ensuring uniform and high standards in employment practices. The HRMA should continue reporting to the Ministry of Internal Affairs and Public Administration, however, the HRMA should also closely cooperate with the Ministry of Finance.

Option 3: The HRMA should get the necessary legal instruments and the resources to implement and to enforce its responsibilities.

Option 4: The law should provide a homogeneous legal regime for all 64 posts exercising public authority conferred by the public law and safeguarding the general public interest. This should in principle include the municipal level as well as positions in the administration of the legislative branch and of the judicial branch exercising public power. Special aspects could be dealt with in separate legislation. Technical support functions should be excluded from the scope of the civil service.

Option 5: With regard to remuneration, only basic principles ensuring a predictable, fair and unitary system should be included in the law. The details should be covered by special (or secondary) legislation.

Conclusion and lessons learned

Finally, I conclude that the approach for the reform was good because it was linked not only to the recommendations stemming from the administration but also to the participation of various structures which created the policy in one area. It is important that the document was not only the starting point for the drafting of the Law on Civil Servants but it was also the basis for wider civil service reform. During our work we had many questions to which we could not provide answers. Some of them were left open and some recommendations were defined very well.

Besides all of this, our opinion is that this approach is good, since it included an exchange of opinions and experiences as well as the inclusion of various other factors. I am sure that all members of the working group and representatives of academic community would share such a precious experience in drafting the same or similar document with pleasure.

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Part 3:

The Challenge of Implementation

Chapter 10

Civil service professionalisation between successful rule adoption and ineffective implementation

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Abstract

This chapter examines the professionalisation of the civil service in the Western Balkans. It focuses on the fit of civil service systems with European principles of administration as applied by SIGMA and the European Commission to accession states. The analysis distinguishes ten domains of civil service management and three levels of institutionalisation including formal rules, the quality of implementation and the attitudes of civil servants towards European principles. Based on extensive documentary research, personal interviews and a web-based survey of ministerial civil servants, the analysis reveals that formal-legal frameworks fit with European principles to a considerable extent. The main challenge for civil service developments in the Western Balkans concerns the ineffective implementation of formal rules. Even if formal rules and procedures are routinely applied, they do not reach expected outcomes such as merit-based selection and impartial behaviour of civil servants in policy making and implementation. Finally, it is shown that civil servants partially support European principles. In particular, discretionary approaches to civil service management have become increasingly popular in the region. The attitudinal 'misfit' with European principles as applied to accession states represents a challenge for future reform. The conclusion emphasises the need for systematic analysis to develop constructive, country-specific action plans to focus on the refinement of the institutional framework and the type of human resource development needed to allow for incremental progress.

Background

Public administration is a critical arena for the development of the state and society in the Western Balkans. The establishment of a professional and impartial public administration based on the rule of law is widely regarded as a precondition for the consolidation of democracy and economic development. The quality of the public administration has been found to be associated with lower levels of public sector corruption, a range of social outcomes such as better health and even with higher levels of happiness in society.

The effectiveness of public administration plays a key role in the context of European integration. Research has shown that bureaucratic capacity has a major impact on the successful implementation of EU policies, and for candidate states it is closely associated with the effective, timely and reliable management of the accession process. In other words, without the presence of effective and reliable public administration in candidate states, EU enlargement cannot work successfully.

The EU has long recognised the relevance of public administration to the success of the European integration project. In 1995, the Madrid Council added administrative capacity, including the establishment of professional, de-politicised civil service systems, as a condition for EU membership. Yet the management of public administration has traditionally been in the realm of member state competencies. There is no elaborate *acquis communautaire* that could guide the European Commission when advising and evaluating candidate states with regard to the quality of their public administration. Moreover, public administration in EU member states is characterised by different administrative traditions and hence diverse institutional structures.

In the late 1990s, SIGMA therefore developed the concept of the European Administrative Space on behalf of the European Commission (SIGMA 1998, 1999). The concept takes into account the fact that public administration in the EU system of multi-level governance embodies basic principles such as the rule of law and hence legal certainty and predictability, impartiality, political neutrality and professional integrity, openness and transparency, legal accountability, efficiency and effectiveness.

The European principles of administration are derived from EU Treaties, the case law of the European Court of Justice and administrative law codes of EU member states. It is assumed that they are shared in the legal frameworks' daily practices and cultures of public administration in the EU and its member states. They have not been explicitly formulated in a European Charter for Better Governance or as a Code of Good Administrative Practice. However, the operationalisation of the European principles of administration can be derived from SIGMA baselines and assessments as well as the regular reports published by the European Commission. Against this background, this chapter examines the 'fit' of civil service systems with European principles of administration in the Western Balkans.

Reform objectives

The establishment of civil service systems that 'fit' with European principles of administration is classified as the reform objective. In order to analyse the degree of fit, ten domains of civil service management and three levels of institutionalisation can be distinguished (Meyer-Sahling 2009, 2012). They refer to the 'width' and 'depth' of institutionalisation respectively.

The ten *domains* of civil service management include

1. The adoption and implementation of civil service reform programmes that fit with European principles of administration;
2. The adoption and implementation of civil service laws;
3. The establishment of central civil service management institutions with sufficient capacity for effective cross-governmental management of the civil service;
4. The establishment of merit-based recruitment systems including open competition for entry, professional examination and independence from political interference;
5. The establishment of civil service tenure rules that stabilise public administration and protect employment in the civil service.
6. The development of a professional and de-politicised senior civil service system including prospects of merit promotion to management positions.
7. The establishment of fair and effective performance management systems for civil servants;

8. The establishment of predictable and transparent salary systems as well as adequate salary levels;
9. The establishment of training systems that provide for regular and effective training and development of civil servants;
10. The establishment of integrity management systems that provide guidance for ethical behaviour in the civil service and regulate, monitor and sanction conflict of interest in the civil service.

The three *levels of institutionalisation* refer to

1. The level of formal rules;
2. The level of management practices and hence rule implementation;
3. The level of civil service attitudes and hence rule internalisation.

The three levels of institutionalisation are related to each other. In the accession process it is assumed that the reform of formal-legal frameworks leads to a change of management practices. Over time new rules and practices are expected to be fully internalised by civil servants. They become part of the DNA of public administration and hence an administrative culture that fully fits with European principles of administration. The sequencing of the institutionalisation process implies that successful civil service professionalisation will take time to progress (for further discussion, see Meyer-Sahling 2011, 2012).

Research methodology

The analysis of civil service systems in the Western Balkan states was conducted between the middle of 2010 and the end of 2011. The analysis relied on three types of empirical evidence to test the fit of civil service systems with the European principles of administration. Firstly, legal material, reports from government, civil society organisations and think tanks were screened and examined. Secondly, personal interviews were conducted in the winter of 2010/2011 with senior civil servants, members of parliament from governing and opposition parties, outside observers from civil society, academia and a wide range of actors from the international community.

Thirdly, a web-based survey of civil servants was conducted in the Western Balkan states. The survey targeted civil servants of the core structure of central

government ministries. The survey aimed to uncover the experience of civil servants with the day-to-day management of the civil service. Moreover, it aimed to reveal their attitudes towards European principles of administration. The survey was conducted in local languages. It was distributed by central civil service management bodies. Overall, it was possible to collect more than 3,000 valid responses from all Western Balkan states.

Design, implementation and future reform

The analysis revealed that civil service systems in the region are characterised by both significant achievements and major weaknesses. The discussion in this section is structured along the three levels of institutionalisation. It will begin with the formal-legal frameworks, then move to the quality of implementation and close with a discussion of civil servants' attitudes towards European principles of administration. The discussion will not elaborate each country in detail but focus on the main features of civil service governance in the region. For further details, consultation of SIGMA Report Number 48 on Civil Service Professionalisation in the Western Balkans (Meyer-Sahling 2012) is recommended.

The level of formal rules

Civil service systems in the Western Balkans have reached a moderate to high degree of fit with regard to the quality of formal-legal frameworks. The conclusion applies to most countries and most domains of civil service management. Kosovo* has been the only country whose civil service did not reach a moderate degree of fit with European principles at the time of conducting the analysis. Kosovo*'s laggard status is closely associated with its trajectory since the beginning of the 2000s. Since declaring state independence in 2008 Kosovo* has tried to catch up with other Western Balkan states insofar as civil service reform is concerned. For instance, a civil service law and a new salary act were adopted in 2010 and implementation has recently begun. Among the other Western Balkan states, the differences turned out to be remarkably small. This was unexpected insofar as the seven Western Balkan states are at different stages of political and economic development and they have different prospects of joining the EU.

Looking briefly across the domains of civil service management, it became evident that a moderate to high degree of fit applies to the formal rules governing all ten civil service management domains. First, civil service reform programmes that were linked to wider administrative reform strategies were in place in all Western Balkan states. The main difference concerned the stage in the reform cycle. Macedonia and Montenegro, for instance, adopted a new administrative reform programme in the winter of 2010/2011. By contrast, the other countries were in the middle of the reform cycle.

With regard to the legal basis, all the Western Balkan states have adopted civil service law. As mentioned above, Kosovo* was the last country to adopt a civil service law. In the other countries, the relevant civil service laws were adopted in the period between 1999 and 2005. The scope of civil service laws demonstrates relatively minor differences across countries. For instance, in Serbia, Macedonia and Croatia, the top-level official of the state bureaucracy, the State Secretary, is outside the scope of the civil service. It is explicitly classified as a political appointee. In the other countries, the top-level appointment is formally part of the permanent civil service, even if this is not necessarily reflected in the practice of making appointments (see also below).

With regard to the central management of the civil service, the analysis showed that all Western Balkan states have established a central institution responsible for the cross-governmental management of the civil service. The actual capacity of these central bodies is not always sufficient. Yet, one of the main differences between the institutions concerns their location. In several countries, central civil service agencies which were widely promoted by international assistance programmes in the early 2000s have been replaced with ministries of public administration. Serbia, Croatia, Macedonia and Kosovo* have (re-)established ministries of public administration. Civil service agencies, as they were originally envisaged, have only 'survived' in Bosnia and Herzegovina.

Merit-based recruitment procedures have been established across the Western Balkan states. In all the countries it is required to openly advertise job vacancies; oral and written examinations are typically required and appeals

against recruitment decisions are possible. The density of the recruitment procedures differs. In Serbia, for instance, it is merely optional for new civil service candidate to pass a written examination. Kosovo* has only recently introduced the option to take written examinations. Moreover, it is widespread in the region for ministers to take the final decision when it comes to the selection of new civil servants; a design feature that does clearly not support the establishment of merit-based practices in the civil service.

Civil service employment in the Western Balkans is generally protected as is expected by the European principles of administration. Yet the trend is negative in this domain of civil service management. Serbia has already introduced measures to fast-track the dismissal of civil servants on the basis of poor performance. Macedonia and Croatia also introduced new formal procedures that facilitate the dismissal of civil servants due to poor performance within one year. The new procedures have a considerable threat potential and indicate a departure from the European principles as applied by SIGMA and the European Commission. However, it remains to be seen whether they will actually be applied in practice.

Separately formalised senior civil service corps have not been established in the Western Balkans. However, senior ranking positions in the civil service are clearly distinguished from political positions even if the boundary between politics and administration varies across the countries (see above). To the extent that senior ranking positions are classified as civil service positions, provision for merit-based recruitment and promotion are in place. In several countries, the merit procedures are very light. For instance, the entry procedures in Croatia and Montenegro require lower entry standards for managers than for ordinary civil servants. Moreover, the selection procedure for senior civil servants in Serbia was suspended for several years, as a result of which managers were appointed on the basis of temporary contracts. The domain of senior civil service management clearly demonstrates the comparably lowest degree of fit with European principles in the Western Balkans.

Performance evaluation systems exist in all countries. It is typical for civil servants to undergo an evaluation at least once a year. Recent amendments

in Croatia and Macedonia have introduced additional mid-term reviews. Salary systems have been reformed in all countries except Croatia. The reform of salary systems was mainly driven by the World Bank, leading to position-based systems that are complemented by both seniority and (small) performance-based components in order to ensure both predictability and performance incentives for civil servants.

Training systems have been established in all the Western Balkan countries. Kosovo* and Albania have established separate training institutes. Croatia has recently set up a new school of public administration. In the other countries, training efforts are primarily coordinated by the central civil service management institutions.

Conflicts of interest are regulated but the degree of regulation is very light and hence still insufficient when assessed against European principles of administration. Interestingly, the political rights of civil servants in the Western Balkans are fairly unrestricted. It is frequently argued that a restriction of political rights contradicts the constitutional rights of civil servants as citizens. Even if such an argument enjoys a certain degree of plausibility, it implies that the formal institutional framework does not support the emergence of a politically neutral civil service. On the contrary, it opens the door and might even legitimise political activities of civil servants.

Overall, the formal-legal frameworks do therefore fit, by and large, with the minimum standards that can be derived from SIGMA assessments and European Commission reports. The frameworks need upgrades, refinements and improvements but it became evident from the analysis that none of the systems is in need of major change. This finding should be considered as positive both for the Western Balkans and for the international community that has invested a lot of time, money and effort in supporting civil service reforms in the region.

It should also be emphasised that the civil service systems in the Western Balkans fit with European principles to a larger degree than the new EU member states from Central and Eastern Europe (for comparison, see Meyer-Sahling 2009, 2011). The Czech Republic, for instance, adopted a

civil service law in 2002 but it has never been implemented. Slovakia and the Czech Republic have effectively no central management institution for the coordination of the civil service. Estonia, Latvia and the Czech Republic have no written examination procedures. In fact, Lithuania is the only country among the new member states that has a merit-based recruitment procedure in accordance with the European principles. Salary systems in the region have remained discretionary and unreformed in several countries such as Poland.

It should therefore be recognised that civil service reforms in the Western Balkans have made considerable progress over the last decade and a half. The reform progress insofar as formal-legal frameworks are concerned clearly reflects the support of the international community. In fact, there is not a single civil service law in the region that cannot be traced to an international assistance project. This pattern indicates the major influence and success of international assistance. However it also causes concern in that reforms have not been home-grown, but imported from outside. Civil service reforms in the new member states of Central and Eastern Europe have also been subject to considerable influence from outside. Yet the first attempts to professionalise the civil service in the early 1990s were usually the result of domestic initiatives and debates.

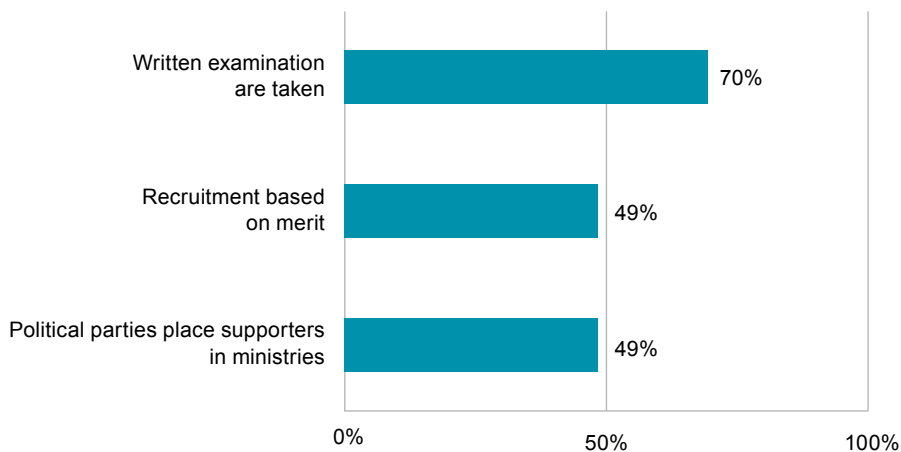
The level of implementation

The major challenge for civil service management in the Western Balkans concerns the implementation of the formal-legal frameworks. More specifically, formal rules and procedures are routinely applied, there is no systematic rule evasion and, apart from a few exceptions, there are no major implementation gaps. The main weakness in the area of implementation is therefore the low degree of effectiveness of the rules. This means that formal civil service rules are applied but they do not reach the outcome they are expected to reach.

The low degree of effectiveness of the rules is relevant to all domains of civil service management and for all countries. The problem is paradigmatic for the area of merit-based recruitment. Job vacancies are publicly advertised and open competitions are completed, oral and written examinations are

conducted and an appeal is possible for unsuccessful candidates. Figure 1 below shows that 70 per cent of the survey respondents agree with the statement that new recruits should pass written examinations before they are offered a job in their ministry. The value takes into account that less than 50 per cent of the respondents in Serbia and Kosovo* agree that written examinations are regularly taken. By contrast, for the other countries it is common that written examinations as a key component of merit-based recruitment have to be passed, that is, 85-95 per cent of the respondents agree with the statement.

Figure 1. Rule application vs rule effectiveness: Recruitment



However, Figure 1 also shows that less than half of the civil servants who responded to the survey agreed with the statement that competition leads to the selection of the ‘best and brightest’ candidates for the job. In other words, merit rules and procedures do not lead to merit outcomes, that is, the application of merit rules is without major effect for the outcome of the recruitment process. Moreover, around half of all the respondents agree with the statement that political parties place supporters in the ministerial structure. In other words, party patronage is widespread even though merit-based recruitment procedures are routinely applied.

The finding has several implications. It specifies first of all what the nature of the implementation gap in public administration is. It is often suspected by outside observers that new laws are adopted but they are then not

applied. But that is evidently not true for the civil service. Rather, *the nature of the implementation problem in the Western Balkans is a problem of rule effectiveness.*

Second, if the examination procedure does evidently not work well, it does not mean that oral and written examinations should be abolished. Rather, it calls for a thorough assessment of the recruitment procedure and subsequently an incremental upgrade. One of the first areas to start concerns the actual difficulty of examinations and the kind of skills that are assessed in an examination. All too often, examinations are too easy and they assess skills that are not relevant for the job and career trajectory at stake. As a result, examination procedures turn into box-ticking exercises, while the actual purpose of selecting the best and brightest candidate for the job is not met.

The problem of poor rule effectiveness is paradigmatic for the area of merit recruitment. However, similar patterns can be identified for other domains of civil service management. For instance, performance evaluations are regularly applied in the Western Balkans but civil servants question the fairness and transparency of evaluations. Moreover, they are argued to have virtually no impact on training, promotion and salary outcome. In other words, the problem of implementation is not one of faithful rule application but one of insufficient rule effectiveness.

The level of civil servants' attitudes

The third level of institutionalisation concerns the attitudes of civil servants and hence the level of rule internalisation. The attitudes of civil servants towards the European principles of administration is fairly mixed. On the one hand civil servants show great support for merit-based principles. Figure 2 shows that merit-based principles are largely uncontested in the region. Civil servants support recruitment and promotion based on merit, written and oral examinations, a performance evaluation system, a separate civil service law, etc. These are essential standards associated with the European principles as applied by SIGMA and the European Commission.

Figure 2. Attitudes of civil servants in the Western Balkans: Support for European principles

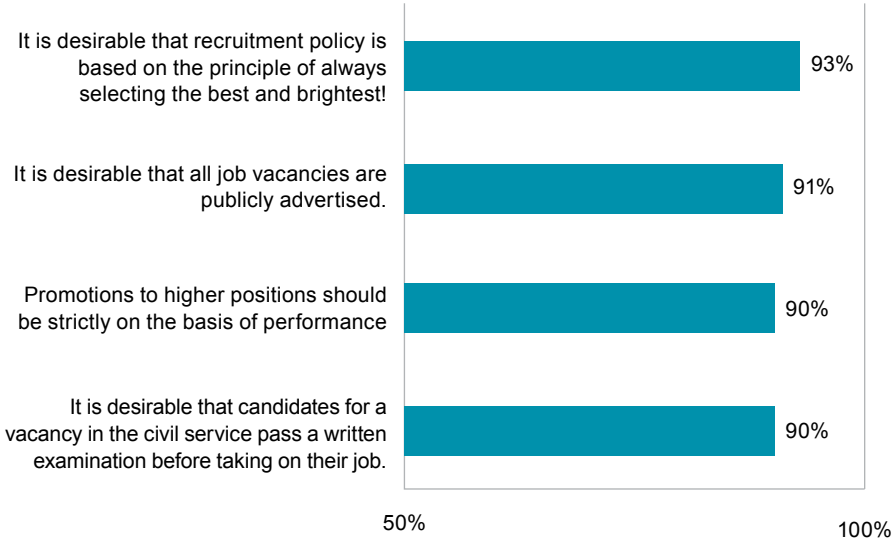
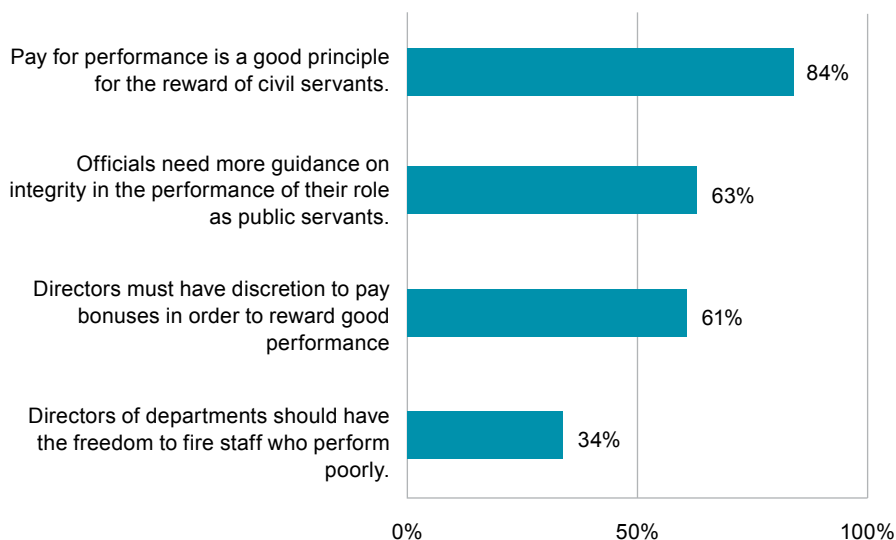


Figure 3 by contrast shows significant support for management principles that are not necessarily in accordance with the European principles as applied by SIGMA and the European Commission for accession states. Freedom for managers to fire staff who perform poorly as well as discretion for managers to pay bonuses are two principles that are closely associated with the new public management (NPM). The NPM is not necessarily incompatible with the European principles of administration. However, in the late 1990s SIGMA took a clear position that discretionary civil service governance is problematic for transition and accession states. Especially under conditions of personnel politicisation, it creates major risks of favouritism, which contradicts the principles of fair and equal treatment as well as the overarching principle of civil service impartiality. SIGMA has therefore systematically taken an approach that seeks to reduce discretionary management for accession states.

Figure 3. Attitudes of civil servants in the Western Balkans: Contested principles



The evidence presented in Figure 3 suggests that civil servants are fairly supportive of discretionary principles of civil service management. Further analysis showed that support is especially strong among young civil servants, civil servants with fewer years of experience in public administration and civil servants with a university degree in economics. Moreover, relatively more support for discretionary governance can be found in finance and economy ministries. This pattern is consistent across Western Balkan states.

The support for discretionary management principles but the divisions *within* the civil service over the desirability of discretion suggests that civil service reform faces new challenges. In particular, it suggests that reform strategies that seek to reduce management discretion will be contested by a significant segment of the civil service. This is clearly ambiguous news for the future of civil service reform in the Western Balkans.

For reformers it suggests that they will need to make a choice between accommodating the interests of civil servants who hold discretionary management ideas, on the one hand, and training civil servants in order to

persuade them of the superiority of non-discretionary civil service governance, on the other. The latter might be desirable but it will take financial resources, time and effort to influence the attitudes of civil servants.

It should be noted here that civil servants in the new member states are even more discretionary in their attitudes than civil servants in the Western Balkans. If we assume that the Western Balkan states will follow the trajectory of the new member states, albeit with some delay, we might expect that civil servants will become more discretionary in the years to come. For civil service reformers this will be a major challenge in the future.

Conclusions and lessons learned

The systematic analysis of civil service systems in the Western Balkans in relation to the European principles has revealed a mixed picture. Three lessons and recommendations are derived.

(1) Civil service systems have achieved a moderate to high degree of fit with European principles insofar as formal-legal frameworks are concerned. The outcome should be recognised as an achievement. It implies that there is no need for fundamental change but rather a need for the upgrading, refinement and incremental improvement of civil service legal frameworks.

(2) The problem of the civil service in the Western Balkans is a specific kind of implementation problem. It involves the routinely application of formal civil service rules but a low degree of effectiveness of the rules. For the future of civil service reform, it suggests the need for careful analysis of the status quo, that is, which procedure precisely and where in public administration fails to reach the desired outcome. Once a comprehensive understanding based on adequate evidence has been gained, it will be possible to identify the main weaknesses, refine the institutional framework and take measures to train and teach a more effective application of formal civil service rules.

(3) Civil servants in the Western Balkans demonstrate only partial support for the European principles of administration as applied by SIGMA and the European Commission. The partial support implies that extra efforts will have

to be made to persuade civil servants (especially young civil servants) of the superiority of non-discretionary civil service governance. Without such an effort it is unlikely that the quality of implementation and the internalisation of the European principles will be easily improved. It increases the likelihood of successful reform if civil servants support the objectives of the reform.

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Chapter 11

Implementing the Policy on the Establishment of a New Ministry Responsible for Public Administration Reform: The Case of Macedonia

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Abstract

In the past, a number of bodies and institutions were involved in the development, coordination and implementation of public administration reform (PAR) in the Republic of Macedonia. They used to include the Ministry of Justice, responsible for policy creation with respect to PAR; the Secretariat for European Affairs, responsible for coordination with the European Commission and Macedonia's progress towards the EU including the issue of PAR; the General Secretariat of the Government, responsible for strategic planning and policy creation of the Government of Macedonia including PAR; the Agency of Civil Servants (now the Agency of Administration), responsible for conducting civil servant recruitment procedures, the registering and training of civil servants and IPA projects. The involvement of many institutions in PAR was regarded a reason for the inability to successfully implement the former Strategy for Public Administration Reform adopted in 1999. Furthermore, the European Commission pointed out in its Annual Progress Reports the need for undertaking concrete measures in the field of PAR. Based on expert assessments and comparative experiences, the Government of Macedonia concluded that PAR should be concentrated in one institution so that strategic and planned measures would be organised and coordinated more effectively. The Ministry of Information Society and Administration (MISA) was identified as the most suitable body to deliver this task. Accordingly, the key role of MISA is to advance administrative

capacities through modern information processes, to simplify processes and procedures and to reduce the influence of the human factor in offering services to citizens and the business community.

Background of the Policy Design: The Policy Problem

The main **policy problems** related to the Public Administration Reform process were:

- No good policies for strategic planning and implementation related to Public Administration Reform;
- Inadequate methodology and techniques for measuring the achievement of the policies and results from all policies related to public administration reform;
- Problems with the implementation of the Former 1999 Strategy for the Public Administration Reform, and Action Plan;
- No single Institution competent for coordination and implementation of all policies related to Public Administration Reform.

Because of this, the process of creating policies started with a decision:

- What needs to be achieved?
- How to do it in an efficient and economic way?
- Who is supposed to do it?

With the identification the policy problem, the Government of the Republic of Macedonia took the policy decision to specify a SINGLE INSTITUTION to be competent for the administration reform and all policies related to the administration (in the form of a general determination of general policy goals)

Policy Objectives

The policy objectives determinate in the process of creating policies are:

- Specifying a SINGLE INSTITUTION to be competent for administration reform and all policies related to the administration.

- Advancing the administration capacities through modern information processes, and simplify processes and procedures, while at the same time minimizing the influence of the human factor in offering services to the citizens and the business community.
- Policies for strategic planning and implementation related to Public Administration Reform
- Methodology and techniques for measuring achievement of the policies and results from all policies related to public administration reform
- Achieving an effective, efficient and accountable public administration
- Improving the quality of administrative services

Methodology Used: The Choice of Policy Instruments

The process of policy creation started with the adoption of the political decision by the government for specifying a single ministry to be competent for administration reform and all policies related to the administration (in the form of a general determination of general policy goals). Furthermore, there was a detailed process for creating policies that would give a framework of possible solutions (options) and a political decision was made in respect of the instrument for policy implementation. After the adoption, the instrument began to be implemented, and then an assessment was made of achievement of the expected effects.

In this respect, “the process of taking or not taking activities by the government for sorting out a certain issue, or a number of interrelated issues, as well as for finding a way of establishing guidelines for the realization of the set goals”, is the way that policies are created. The process of policy creation is a process whereby a decision has to be made on what need to be achieved, how to do it in an efficient and economical way, who is supposed to do it, etc.

The established policy, prepared within the system for policy creation resulted in the adoption of a decision for amendments and supplements to the Law on the Organisation and Operation of the State Administration Bodies, whereby the Ministry of Information Society and Administration was given responsibility for public administration reform and all policies related to issues of administration.

The legal framework that regulates the system for the planning and creation of policies consists of the Law on the Government of the Republic of Macedonia and the Work Rules of the Government of the Republic of Macedonia, in which the bases for the processes for strategic planning and policy analysis and coordination were set up. These processes provide that the political priorities established by the government in the course of its election to the Assembly of the Republic of Macedonia are connected with the annual process for establishing the strategic priorities of the government with the budget, and then incorporated into concrete policies and initiatives proposed by the Annual Work Programme of the Government. The Work Rules also establish procedures for ensuring that all materials, submitted to the government for consideration and approval or adoption, are supported by relevant information. The inter-ministerial consultations provide for policies to be coordinated and harmonised, and they reflect the interests of the stakeholders.

The Work Rules of the Government establish the legal basis for bringing two important acts of the government: the Methodology for Strategic Planning and Drafting the Annual Work Programme of the Government, which defines the process for setting up the strategic priorities of the government and ensures that appropriate resources are allocated to achieve the strategic priorities through the budget process and incorporated into the Annual Work Programme of the Government; the Methodology for Policy Analysis and coordination establishes the key principles for creating policies and procedures in each stage of the process of adopting policies. These acts provide the necessary framework for developing a quality process for making decisions, including the process for strategic planning and drafting documents and acts in the ministries, policy coordination and monitoring of the implementation.

In accordance with the aforementioned procedure, the policies were created for administration reform and they resulted in amendments and supplements to the Law on the Organisation and Operation of the State Administration Bodies, and the Ministry of Information Society and Administration was entrusted with the task of administration reform and all policies related to issues of administration. Also, the new 2010-2015 Strategy for the Public Administration Reform was adopted.

Policy Design: The Making of the Policy

Further to the policy making for specifying a single body that would coordinate the process of the public administration reform, as direct stakeholders the Ministry of Information Society, Ministry of Justice, Secretariat for European Affairs, General Secretariat of the Government of the Republic of Macedonia and the Agency of Civil Servants, currently the Agency of Administration, were involved in the process. An international consultant from Slovenia was also involved in the conducting of the analysis into these policies. When making the final decision, the Government of the Republic of Macedonia discussed in its session about establishing a final policy and decision that should come out of all analysis, policies, risks and preconditions. That meant adoption of a final decision for amendments and supplements to the Law on the Organisation and Operation of the State Administration Bodies, where the Ministry of Information Society and Administration would be entrusted with competence for administration reform and all policies related to issues of administration.

However, the phase for assessment of the body to be competent for public administration reform was the most difficult one. There were a number of proposals for a body to be competent for implementation of the process for public administration reform. Possible risks were identified; however, it was decided that it should be the then Ministry of Information Society, currently the Ministry of Information Society and Administration.

The phase of transferring employees from the Ministry of Justice, Secretariat for European Affairs, General Secretariat of the Government of the Republic of Macedonia and the Agency of Civil Servants, currently the Agency of Administration, which have worked on matters of public administration reforms to the newly established Ministry of Information Society and Administration worked well and without any problems. There was timely identification of employees who had worked with these issues and due amendments and supplements were made to the Internal Act for Job Classification in the Ministry of Information Society and Administration. In this way, the administrative capacities of the Ministry of Information Society and Administration were strengthened.

Policy Implementation: Challenges of Making the Policy Work

The public administration reform as a process was in competence and coordination of a number of bodies and institutions, such as: the Ministry of Justice, Secretariat for European Affairs, General Secretariat of the Government of the Republic of Macedonia and the Agency of Civil Servants, currently the Agency of Administration.

Following the identification of the issue and the decision that a single ministry, that is the Ministry of Information Society, should be competent for the “process of the public administration reform”, amendments and supplements to the Law on the Organisation and Operation of the State Administration Bodies were made and the Ministry of Information Society and Administration was specified as the competent body for this task and all policies related to this issue in administration. At the same time, the name of the ministry was changed to the Ministry of Information Society and Administration.

In this regard, the MIOA, in accordance with the latest amendments of the Law on the State Administration Organization and Work (“Official Gazette of the RoM, No. 167/2010), based on the *Programme for the transformation of civil servants who have worked on public reform*, transferred the employees who had worked in the field of public administration reform from the following state bodies: the General Secretariat of the Government, Secretariat for European Affairs, Ministry of Justice and the entire State Administrative Inspectorate. Also, from the former Agency of Civil Servants, the ministry transferred people employed in the organisational units for the registrar of the civil servants, training, and IPA projects. This strengthened the human resource capacities of the Ministry of Information Society and Administration and made a solid basis for the reform process. These employees have been organised in compliance with the Regulations for Job Systematisation at the MIOA.

The strategic goal was that a single ministry should be specified to be competent for administration reform and all policies related to administration issues.

All the policies concerning administration issues were designated special goals, as follows:

- Reform of the public administration,
- Development of policies with regard to the rights, obligations, responsibilities and assessment of the civil and public servants' performance,
- Designing of strategic documents for efficient and effective work, training and professional development of civil and public servants, training organisation and realisation;
- Legal framing of issues connected with administration;
- Providing and monitoring a single rule application both for civil and public servants;
- Classification and definition of jobs, salaries and compensations for civil and public servants;
- Register of Civil and Public Servants;
- Development and coordination of policies with regard to the human resource management;
- Establishment of international cooperation for matters within its competence.

With the adoption of the policy decision and defined policies concerning the administration reform, as a result, the Law on the Organisation and Operation of the State Administration Bodies was amended and supplemented in such a way that the Ministry of Information Society and Administration would be responsible for administration reform and all policies connected with issues of administration. In addition, the established strategic goal and specific goals were translated into legal norms with the amendments and supplements to the Law on Organisation and Operation of the State Administration Bodies.

The policy goals were achieved and the amendments and supplements to the Law on the Organisation and Operation of the State Administration Bodies provided, and a single ministry was specified with competences in the process of administration reform. The legal competence for the administration reform was completely assumed by the Ministry of Information Society and Administration.

Certain problems have been identified during the implementation process of the Action Plan arising from the 2010-2015 Strategy for the Public Administration Reform, and therefore a new revised Action Plan was designed in 2012.

Conclusion and Lessons Learned

- Analysis was made based on the conditions and issues in the process of policy creation, which involved a foreign expert and it resulted in the legal solution for a competent body and determined goals in respect of public administration reform.
- Consultations were made with relevant stakeholders that had been competent in the past for certain matters with respect to administration reform.
- All relevant MINISTRIES AND STATE ADMINISTRATION BODIES were IDENTIFIED, including those which would implement policies directly, and all this became a constituent part of the goals and activities set up with the 2010-2015 STRATEGY FOR PUBLIC ADMINISTRATION REFORM with the ACTION PLAN for its implementation.
- Possible RISKS arising from all proposed POLICIES WERE IDENTIFIED, and MEASURES AND ACTIVITIES WERE ESTABLISHED in the 2010-2015 Strategy for Public Administration Reform with the Action Plan for its implementation.
- A PLAN was designed for implementation of stated policies with stated expenses and resources required for implementation of public administration reform, translated into the 2010-2015 Strategy for Public Administration Reform with the Action Plan for its implementation.

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Chapter 12

Public Administration Reform in the Western Balkans: Plugging the Implementation Gap

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Abstract

Many public administration reforms have been designed recently in the countries resulting from the disintegration of Yugoslavia and in Albania. A considerable amount of effort, both financial and human, has been devoted to improving the functioning of the state, the professionalism of the civil service, the predictability of public decision making and the quality of public services delivered to the public. Observers, however, recurrently point out failures in the implementation of reforms and note the frustration of those participating in the design of reform policies, their funding or their implementation. Are there any lessons to be learned from more than a decade of experience with the public governance reforms in Western Balkan countries? This paper attempts a reflection on what “plugging the implementation gap” in public governance reforms in the Western Balkan countries could mean and how it could be reduced.

Policy Implementation: Challenges of Making the Policy Work

In order to better understand the problems affecting the public administration reform implementation we need to distinguish between policy implementation and change management. Often the notion of success or failure in policy implementation is mistaken as success or failure in organisational change management. The successful policy implementation is a combination of politics, good policy design, smart allocation of political power and skilful change management. Successful organisational change management mostly depends on technical values inherent to good management.

Even if implementing policies on improvement of public governance may require change management down the road, the latter does not necessarily require a pre-existent public administration reform policy. Policy implementation affects a country, whereas change management affects an organisation. Policy implementation is mainly a political effort, change management is mainly a managerial undertaking.

Public administration reform policy design and implementation in the Balkan countries may be understood as an evolutionary, professionally informed political effort to adapt the new state to the requirements of the market economy, democracy, the rule of law, effective delivery of public services and European integration.

The Copenhagen criteria require market economies and democratic systems of government and administration to function according to the rule of law. Most of the reformers' attention has gone to the technicalities of the effective administration required to implement the *acquis*. Being a fundamental component of the new state, public administration reform should be understood within a broader context including the creation of an overall system of effective and reliable public governance. It is from this perspective that problems related to public administration reform policy implementation should be viewed in countries with an ambition to join the EU.

One may assume that the deciding elites were thinking, while designing the reform policy, about fundamental questions, namely: firstly about what is desirable and secondly about what is feasible. If the issue of feasibility has not been sufficiently reflected upon, the most likely outcome will be the occurrence of serious implementation failures, because design and implementation need to go together, they are a seamless process.

Reform policy decisions are usually wrapped up in reform rhetoric, which uses symbols and imagery describing (i.e. communicating) the reform policy as being in principle geared towards the common good and fostering the general interest. In practice, however, the reform path may show in retrospect that the wrapping rhetoric was different from the reality. The reform policy may at the end of the day appear to be biased towards serving existing vested interests. As a consequence, policy credibility may be hampered.

Policy credibility means reassurance that public policies are genuinely designed to promote and serve the public interest, while emanating from an orderly democratic debate channelled through reliable institutions. Government policy making responds to incentives and constraints. Therefore the structure of government incentives and constraints affect policy choices. Transparency is a precondition for policy credibility, especially in lobbying and in the control of conflicts of interest among decision makers.

Nevertheless, in any event, implementing public administration reform policies is far from a neatly defined task. However, some conclusions may be drawn from the experiences of fundamental state reforms in democracies. One is that reforms are political in nature, not technocratic, and therefore they have to be dealt with politically. Another one is that, being political, it is difficult to address them by using a managerial approach only, even if managing the reforms may well be necessary. The political rationality (power gains) is different from the managerial one (efficiency gains in the use of resources).

Another is that implementation starts by the act of policy design itself. The policy development, implementation and policy learning processes are practical activities, not speculative endeavours. That's why thinking and doing should go together in an interactive way: "Traveller, there is no road; you make the road by walking"¹⁹. The main reason for this sort of "learning by doing" is that public administration reform is a messy, path-dependent, contextual and culturally embedded process soaked with uncertainties. This is a good reason to use permanent, protracted and constructive international and domestic policy dialogue as an implementation methodological device.

There is plentiful literature on organisational change management. There is a relatively broad consensus on the conditions for success of what is known as organisational transformation, i.e. large scale, strategic, planned, administrative change (Fernandez and Rainey, 2006). Organisational transformation is an endeavour different to that of policy implementation. It has a strong component of skilful management, and it may often, but not always, be instrumental in policy implementation.

19 "Caminante no hay camino, se hace camino al andar" (Antonio Machado)

It is crucial not to mix up ideas and tools born within managerial conceptual frameworks with the tools necessary to evaluate the impact of a given policy. For example, the notion of managing for results is inappropriate for evaluating policy implementation because, among other things, the notion of policy success is far from crystal-clear. For a start, policy goals to be achieved should be distinct, which is rarely the case. It is even more infrequent in the case of state or public administration reform policies.

The effects of a policy are not easily measurable, even if there are no end of attempts around the world to establish quantitative indicators, especially by international organisations, which sometimes use and abuse indicators, as an OECD study points out. Generally those indicators are ill-suited to help identify how to improve effectively the quality of the public governance. Those indicators are relied upon more by external observers than by domestic groups and policy makers (Arndt and Oman, 2006), and they are to a great extent perception-based and, therefore, rather subjective.

In addition, good government means different things in different places and at different times (Andrews, 2010). “Political and administrative reforms in many countries are directly shaped by good governance indicator scores and their underlying ‘best practice’ dimensions, with countries apparently buying into the implied story that ‘this is what good government looks like’” (Andrews, 2010). The notion of “best practice” is a rather technocratic delusion, as those different meanings across time and space imply the existence of conflicting understandings of what good government is all about.

The policy context matters enormously when it comes to defining the policy goals and formulating them once they have been identified. The policy context is best understood as a situation of conflict among different political objectives (e.g. the professionalisation of the civil service while keeping the patronage networks intact), where implementers tend to scale down the importance of the policy itself in order to mitigate the conflict and avoid being caught at the crossfire between political forces opposing each other. This avoidance is a response to a strategy which often flouts the policy and is conducive to implementation failure. Moreover, in designing and assessing policy implementation, the conceptual framework or theoretical background

on which the reform policy rests should be carefully scrutinised and intellectual fads avoided.

Donors, international agencies, the European Commission and many more are putting pressure – mostly through conditionality – on the governments of the Balkan countries to show tangible results of their public administration reform efforts. This pressure is only natural given the fact that a lot of financial resources from European taxpayers have been poured into the region.

Conditionality is really indispensable. Substantive reform support and technical assistance should be backed up by hard and credible conditionality. Change in EU candidate countries tends to be superficial unless a constellation of political and economic conditions allows domestic reform entrepreneurs who are open to European influence to advance the public administration reform agenda, as the examples of Hungary in the early 1990s or Lithuania and Latvia later in the decade and in the early 2000s have shown. The objectives of conditionality should include clear messages of support to genuinely committed reformers aiming to strengthen the country's Europeanisation process. Support for the pro-European camp as a clear EC policy should not be concealed for the sake of protecting the EU's supposed neutrality in internal politics (Cardona 2010).

Nevertheless, expectations of short-term tangible results may be delusions, as countries can only, in the best-case scenario, demonstrate slow progression towards a longer-term democratisation or Europeanisation of their governance structures, and this only in the midst of great difficulties.

In addition, the theoretical understanding around the world of what works and what does not in public governance reform remains a major flaw of the reform agenda, undermining the likelihood of its implementation. As a consequence, the pressure for results appears to be in most cases empty while the conditionality tied to results is viewed as lacking credibility. A new type of conditionality may be necessary.

Within the international development community, there is growing acceptance that the reform contents (i.e. what is to be done), while being important, need

to be more distinctly qualified by the reform context (i.e. where it is to be done) and by the reform process (i.e. how the definition of the problem is to be agreed and possible solutions developed). Consequently, the approaches sought tend to be now more based on calls for a modest “good fit” rather than on adopting “best practices”. Emphasising contextual and process factors to evaluate success in the implementation of reform policies makes it even more difficult to rely on quantitative indicators to determine the size of the reforms’ implementation gap.

Conclusion and Lessons Learned

- Lessons from major state or public administration reforms indicate that implementation should be understood as a process that takes place at the same time as policy design. Policy elaboration and implementation go seamlessly together, as they form part of the same symbolic discourse. At least, design and implementation should not be too far apart time-wise from each other.
- The conceptual framework or theoretical background on which the reform policy rests should be carefully scrutinised and intellectual fads avoided during the whole policy process.
- The assessment of the success of the policy implementation is largely perception-based and a “good fit” would already be enough. Quantitative targets and best-practice indicators may be misleading or meaningless. What gets measured is not necessarily what gets done.
- Policies based on wrong conceptual frameworks, or which ignore national or cultural contexts, may have severe unintended and negative consequences. The lack of implementation in such cases should be considered a success.
- In Central and Eastern Europe, the credibility of EU conditionality with regard to public administration reform issues has been low and its practical consequences have been limited. They will continue to be so unless the institutional setups and performance acquire a more central standing in EU accession and in international financial institution (IFI) disbursements. A more developed and better adapted conditionality is a pressing requirement.

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Part 4:

Monitoring and Evaluation

Chapter 13

Institutionalising Evaluation: Analysis by Means of Case Studies

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Abstract

Efficient policy development and resource allocation requires the existence of adequate structures to allow informed decision making and the proper use of public resources. Institutionalising evaluation goes beyond merely structural changes and awareness raising. It consists of making both evaluation an integral part of the decision-making process and the evidence the main aspects of consideration for the decisions that are to be taken. The process of institutionalisation is conditioned by multiple factors, both external and internal, and there is no single case model to be presented. In order to be able to conduct comparative analysis based on the experience of different countries and to draw lessons for the Western Balkan region, this chapter briefly describes the main features of building evaluation capacity and culture in three old member states (Ireland, the Netherlands and Italy). It goes on to present the shortcomings of these experiences. The result is a patchy panorama in which three main lessons can be drawn: a) The structural funds provide an opportunity for mainstreaming the evaluation culture in the public administrations but the risk of bureaucratisation should be avoided. b) In order to do this both political leadership and an adequate awareness-raising campaign will allow the professionalisation of evaluators and of those who commission evaluations as well as the efficient use of their results by policy makers. c) The path towards successful institutionalisation is a long-term process in which the economic crisis could mean an important step backwards with losses of professionals and a decline in political support.

Background

Evaluation makes a difference to programme and policy success. It is not an end in itself but a means to enhance social and economic prospects for individuals, territories and sectors. A specific rationale might be the development of a modern transport and environmental infrastructure, the regeneration of inner cities, the building of basic transport and environmental infrastructure, the modernisation of obsolete or declining industrial sectors, the integration of disadvantaged groups and the diversification of rural areas. All of these priorities and many more can be found in European Cohesion Policy programmes. However the justification for evaluation in all these cases is the same: can we apply evaluation procedures and methods in ways that will improve the quality of life, prosperity and opportunities available to citizens? To make a difference in this way requires that evaluation asks and answers questions that are useful to programme stakeholders, whether they are managers, policy makers or beneficiaries.

Developing evaluation capacities in the Member States requires the mainstreaming of an evaluation culture that goes beyond mere structural changes and adequate awareness raising. It requires a political impulse that places evaluation as an essential element within the policy-making cycle. In many cases the European Union's impact on building evaluation capacity through Structural Funds has provided a unique opportunity to overcome the internal resistance of public administrations in introducing evaluation practices and have supported national efforts to make public administrations more accountable and policies more effective.

There are two important implications if we justify evaluation in these terms:

1. Firstly, if evaluation is to be useful, usable and used, it needs to be seen as an integral part of decision making and management and indeed the entire process of democratic accountability. So a well-functioning evaluation system must be integrated into the policy cycle – it must be institutionalised.
2. Secondly, evaluators and those who commission and use evaluation findings always need to balance the best available methods with the demands of pragmatism. In the real world of socio-economic

development we rarely have the time or resources – or even the data – to implement a comprehensive state-of-the-art evaluation.

But often there is a lack of complete institutionalisation in the different moments of the policy cycle, and/or at the different levels of government. There might also be an absence of a real awareness of the importance of the evaluation results and the potentials of its adequate use, or a high concentration in legal requirements forgetting about the results.

The development of evaluation capacity varies from country to country and best practices can only be detected through comparative analysis, which is always dependent on a high number of variable circumstances. Therefore we cannot present a case model on institutionalising evaluation, to be used as a good practice for the WB region. As a result we can only build on lessons learned from various real-life cases, and try to streamline the background circumstances (social, economic and political) within a given time, to the specificities of the potential implementers of a process of institutionalising evaluation in a specific context.

Approach

Creating an evaluation culture is a phrase that is intended to suggest that a well-developed evaluation system means more than just structural changes. Following the European Commission:

- There is a commitment to learning lessons and improvement;
- There is avoidance of a blame-culture which discourages learning;
- Policy makers are committed to evidence-based policies in the broadest sense;
- There is also a commitment to excellence, high standards and continuous improvement;
- Evaluation is used as one element within a general move towards transparency and multiple accountabilities to citizens and communities as well as to ministers and parliaments; and
- The government and public sector are committed to continuous adaptation to becoming a learning organisation.

Since we cannot offer a recipe for success in the endeavour of building adequate evaluation capacity in the WB region, we will be looking into cases: the development of evaluation capacities in the Republic of Ireland, the Netherlands and Italy. By doing this we will review the type of state (centralised or decentralised); the conditions (culture) in government; whether the impulse came from external factors (EU funds) or internal pressure, evaluation demands processed by law or on a voluntary basis; the monitoring systems; the allocation of staff and resources, as well as the level of professionalisation of the evaluators; the procedures followed (through independent evaluation units or a more centralised system); and the culture of evaluation at the sub-state level of governments. The three country studies have been selected because they represent three different realities. Ireland is a relatively centralised state in which the demand for evaluation was initiated at the central level, but complemented by the demand stemming from the need to evaluate the European-funded supports for Ireland, and later on fostered by the commitment to economic and monetary union.

Unlike in the previous case, the Netherlands provides a case where monitoring and evaluation of public policies takes place largely outside the structural funds policy arena; the Dutch Parliament was the main motivator when it expressed its strong wish to be better informed about the success of public policy in achieving its objectives.

In the case of Italy, building an evaluation culture and capacity has definitely gone together initially with EU requirements. Otherwise the resistance of public administration in introducing evaluation practices would have slowed or even stopped the process. But in this case devolution gave regional governments more powers over local development, and it made it even more urgent to create mechanisms for controlling the efficiency of public spending and assessing its impacts.

Three country studies

Ireland

Being a rather centralised state, the development of evaluation was linked in the 1990s to the introduction of the structural funds. Through the creation of

evaluation units, Ireland developed a specific evaluation expertise which had not been there before. During the two Community Support Framework periods (1989-1993 and 1994-1999) Ireland expanded its evaluation capacity initially through the creation of three department-based units, and one central one. Later on (the period 1999-2006) the independent units were abolished due to the reduction in EU funds, and the central unit got the powers of coordination, financial control, review of indicators and dissemination of good practices. Nevertheless some of the acquired expertise was lost with the abolition of the independent units. This case provides some interesting lessons in building adequate capacity both through internal and external evaluation units, and through adequate research and training. Progressively, Ireland moved from a system of evaluation as a result of the formal requirements of those receiving European assistance, to an expansion of evaluation outside the EU expenditure; In the 1990s and early 2000s as part of the broader ambition of public management reform, and with the intention to institutionalise evaluation of expenditure programmes within the wider agenda of public service reform, Ireland embarked on a public expenditure control campaign.

In this example, progressive revision of the existing structures, plus the linking of evaluation capacity building with the public service modernisation programme provided a supportive context for the spread of evaluation practice. Following the Australian evaluation system, the “*value for money and policy review initiative*” resulted in the establishment of a network of reviewers to provide training and support, the introduction of a formal system of quality review of reports, and monitoring of the impact of expenditure reviews.

In line with this, the government announced the Expenditure Review Initiative (ERI) with the intention to review at least once every three years all areas of public expenditure. Nevertheless, in 2001 the Controller and Auditor General conducted a value-for-money audit of the Review Initiative (ERI) and detected important shortcomings: the aim of reviewing every three years had not been achieved; the quality of review reports varied and attention was spread among many different policy areas not analysed before. But the review process had helped the introduction and development of the concept of evaluation. In an effort to further institutionalise evaluation, the Department of Finance

organised a two-year Master's degree in Policy Analysis. Participation in the programme was linked to job promotion, and to the contractual labour relationship within the evaluation unit.

As a conclusion we can build some lessons from the Irish case: the requirements of EU regulations have helped to promote an evaluation culture in Ireland. The structures of the evaluation units and the Value-for-Money Review Initiative have been influential in promoting and developing evaluation. This, together with the public service modernisation programme, has helped to broaden evaluation practice. But the move from independent evaluation units to one central unit for the 2000-2006 CSF periods has meant a loss of the expertise built up throughout the previous years. The number of potential suppliers of professional evaluation services is limited in small countries like Ireland and in some cases it has meant an add-on to the already important workload of existing human resources. Now that the external requirements for evaluation capacity have diminished, it is a challenge for Ireland to maintain the built-up evaluation culture.

The Netherlands

The case of the Netherlands presents a different setting. Being a unitary decentralised state its point of departure is the creation of an evaluation culture outside the influence of structural funds. In the 1980s the national Court of Auditors criticised the government for not evaluating policies in a systematic way, and not using its results sufficiently. The responsibility for proper evaluation research was therefore required by law.

The wish to improve government performance led the Ministry of Finance to launch in the 1990s the VBTB programme. The acronym stands in Dutch for "from policy budget to accounting for policy" with the idea of making budgets more related to policy goals. To the same end, the Dutch Parliament became the main motivator of the VBTB, wanting to be better informed about the success or failure of a given policy in achieving its objectives. As a result, the Netherlands moved from financial accounting to policy accounting.

The approach was consolidated by the requirements for all new legislation

on: (a) budget increments to include information on desired effects and costs of instruments; and (b) evaluation research required by law. Capacity building and incremental investment in human resources for evaluation purposes has ensured success. Since 1992 each policy has to be evaluated once every five years, and there is a clear visibility of monitoring and evaluation in the budget cycle. Nevertheless it remains necessary to integrate ex-ante evaluation into policy preparation.

Nevertheless in 2000 the National Court of Auditors stated the Holland had not progressed far enough and that there was a need for a more systematic and structured approach to evaluation. The main guide for government departments has been the Regulation on Monitoring Data and Evaluation Research (2001) which tries to ensure that the evaluation function is well guaranteed and that policy information in annual reports and budgets meets the quality requirements.

A code of conduct was prepared to reach these objectives and reinforced with the launch of three complementary evaluation instruments were launched:

- An indicators system with the development of output and outcome indicators
- Policy evaluation research measuring the effectiveness (impact) of policy programmes
- Organisational auditing carried out by inter-departmental teams to review the performance of individual parts of the government.

The National Evaluation Overview (EOR) in the Netherlands provides further insight into evaluation of national government policies. An annual questionnaire is sent by the Court of Auditors to the government departments to inform them of the planned evaluations and its results. All members of parliament have immediate access to the planning of evaluation research, the number of evaluations carried out and where to find the results of the evaluations. And this information is provided according to budget, policy field and topic.

In 2002 the VBTB was evaluated and the results showed a need to improve the ex-ante evaluation system, and the requirement to concentrate on true

information needs. The move from policy analysis to policy accounting, with strong internal support and compulsory legislation has led to a success story where the evaluation culture has been mainstreamed in all the ministries and highly centralised. The Dutch BVTB method made it possible to link financial and content information. The challenges for the future are to move from ex-post evaluation to also ex-ante evaluations and to ensure independent quality checks on evaluations that have been undertaken in-house.

Italy

In the case of Italy, the European Programmes provided a good opportunity to overcome resistance to making public administration more accountable. At the beginning the European evaluation requirements were seen as a burden and widely ignored. The fact of growing decentralisation in Italy did not help to establish adequate mechanisms for controlling the efficiency of public spending. At the turn of the new century, the Department for Development Policies (DPS – Ministry of Finance) started to coordinate the management of policy interventions in the less developed areas of the country.

A key actor was the DPS which stands for the Department for Development Policies, which right from the beginning has been responsible for coordinating the management of policy interventions in the less developed areas of the country. Starting from the 2000-2006 CSF (Community Support Framework) it progressively grew, overcoming resistance in the public administrations. The DPS set up an internal evaluation unit to improve the evaluation capacity of the public sector, and prepared national guidelines translating and integrating the European Commission guidelines. An evaluation network was created to increase the capacity to evaluate Objective 1 programmes, but Italy has been confronted with a long bureaucratic process of building on capacities because of the public administrations' resistance to change and also due to the presence of regional governments that are to a large extent autonomous from central government. As a consequence, a uniform model has not emerged.

As in the case of Ireland, the European programmes acted as a strong catalyst for developing evaluation capacity with a step-by-step approach. From there, several key mechanisms have been implemented to encourage

evaluation capacity development. The separation of the mid-term evaluation from the performance evaluation has enabled the MAs to formulate their evaluation needs. The development of national guidelines, evaluation units (at central and regional levels) and meta-evaluation initiatives, together with the provision of adequate funding are all elements to foster development of the evaluation capacity in Italy. As main challenges we can note that the Italian public administration is still mainly focused on the implementation of the programme and on the formal regularity of procedures rather than on results. Guidelines are adopted in a mechanical way and the diverse level of independence of the evaluation units does not always ensure proper evaluation studies.

Conclusion and Lessons Learned

Among the key drivers of the development of a strong evaluation culture within government are different elements that can be captured and summarised from the experiences of the three member states analysed. By doing comparative analysis we can try to draw some lessons for the Western Balkans.

The structural funds provide a unique opportunity to mainstream an evaluation culture in the public administrations. But inputs from the EU are not sufficient. There is a need to develop a specific national framework, based on national and local evaluation needs. The need to regulate by law will need to be assessed on a case-by-case basis.

The professionalisation of the evaluators and of those commissioning evaluations will be possible with an adequate institutional framework and incentives. Political leadership and sufficient allocation of resources will ensure awareness of the importance of evaluations and the adequate use of its results.

There is a need to be pragmatic, avoiding the bureaucratisation of evaluations and the lack of ownership of their results by the stakeholders involved. National guidelines and activities might help in the process. The creation of evaluation units might help to ensure a certain level of independence from the administrative structure and to overcome resource barriers.

The steps taken to build adequate evaluation capacity need to be maintained over the years, even when the external factors stimulating the evaluation mainstreaming – such as structural funds – might be diminished.

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Chapter 14

Monitoring and Evaluation System of the PAR process in Bosnia and Herzegovina

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Abstract

The monitoring and evaluation (M&E) system is of key importance for the policy cycle. It is a connecting tissue for all policy dimensions and phases, which provides a control function for the implementation of policy but also feedback for the revision and reformulation of policy. As an early warning system it is enormously important for corrective actions and problem-solving activities. In this sense the M&E system is a policy *per se*, which has its own instruments and its own phases of development and implementation. The example of PAR, as one of the most complex and comprehensive policies, shows the importance of adequate monitoring and evaluation instruments set in place. The complexity of PAR policy in the context of Bosnia and Herzegovina (BH), arising from its multi-level context, specific administrative arrangements and structure of horizontal reform areas as well as a large number of institutions in charge of PAR activities (more than 200) and numerous PAR stakeholders, have served as a starting point for the design of an adequate M&E system, which will unite and reconcile the differences in approaches across different levels, provide objective and realistic information on the achieved results and be used as basis for proper decisions toward future policy development.

Background of the Policy Design: The Policy Problem

After signing the Dayton Peace Agreement and a number of political decisions aimed at sustainability and functioning of Bosnia and Herzegovina, the issue of the structure, efficiency and functioning of public administration has become highly important.

On one hand, the problem of social needs and citizens' requests for the administration capable of fulfilling such needs, and organisation and complexity of administration necessitated modifications and adjustments to current trends and to the situation on the field. On the other hand, the clearly shown willingness and determination of BH regarding the European integration process resulted in the requirements for building governance capacities capable of implementing European legislation and joining the European administrative space (European partnership with BH 2004, 2005 and 2007; SAA, Article 8).

Faced with such requirements, the authorities in BH had to create a new policy – public administration reform. Several factors influenced the complexity of this policy, primarily related to the complex administrative organisation of the state (two entities, one district, 10 cantons within the entity). From the policy aspect, such multi-level governance required a complex network approach, based on a significant number of participants and decision makers as well.

PAR Chronology

Key documents

2003.

- Document “Public Administration Reform – Our Programme” adopted at OHR initiative

2004.

- Public Administration Reform Coordinators Office in BH was founded, with its main role to coordinate PAR activities

2005.

- Project of systematic review of the institutions of public administration in BH implemented

2006.

- Strategy of the Public Administration Reform with the First Action Plan (2006-2010) adopted;

2007.

- Public Administration Reform Fund established;
- Common platform on principles and manner of implementation of the first Action Plan adopted;
- 1st Progress Report on implementation of AP1 prepared

2008 - 2009

- SAA signed (2008);
- Regular progress reports on implementation of AP1 prepared

2010.

- Analysis and evaluation on AP1 implementation in all reform areas conducted
- Revised Action Plan 1 (2011-2014) prepared
- Draft of the new M&E methodology prepared

2011.

- Revised Action Plan 1 adopted
- 1st Progress Report on implementation of RAP1 prepared/ based on new M&E methodology

2012.

- External analysis of the M&E system initiated
- 2nd Progress Report on implementation of RAP1 prepared
- Specific monitoring report on implementation of the Operations plan 2011 for BH state institutions was prepared

PAR Strategy

The strategic framework for the PAR in BH, providing the general objective, mission and vision, development guidelines and expected results of PAR. Directed towards strengthening general administration capacities: horizontal capacities in 6 areas: human resources, public finance, policy making, administrative procedure, institutional communication and information technologies, as well as vertical capacities in the sense of rationalisation and reorganisation of functional competencies of government institutions and creating institutional ability for the adoption of *acquis communautaire*

Action Plan 1 of the PAR Strategy (2006-2010)

The supplemental document of the Strategy; its operationalisation through defined measures and activities for realisation of objectives in 6 reform areas. Also defines deadlines and activity bearers (governments and government institutions).

Revised Action Plan 1 (2011-2014)

The second Action Plan has been derived from the Strategy; it is a direct continuation of the Action Plan 1. It consists of objectives, activities, deadlines and indicators of accomplishments for the time period from 2011 to 2014.

Memorandum of Understanding on establishment of PAR Fund

The financial support instrument for reform measures. It represents the result of PARCO's donor coordination through the introduction of project approach to PAR realisation, funds for financing the technical assistance projects, with the purpose of realisation of AP measures.

Common platform on principles and manner of implementation of the first Action Plan of the PAR Strategy

The strategic basis for institutional support of PAR implementation, through creating the network of a coordination-implementation structure and its procedural and technical functions. It establishes the system of inter-governmental work bodies – supervisory teams for each reform area as well as the PAR functions of coordinators for other administration levels.

Progress reports on implementation AP1 and Reports on Work of PAR Fund

are being prepared by the PARCO on a biannual/quarterly basis; they provide findings of monitoring and evaluation of the AP and the RAP1 implementation, present activities and expenditures of the PAR Fund.

The so-called “PAR Checklist” of the European Commission (EC, 2009) emphasises the necessary elements of public administration reform, where one of the core requirements is a development of adequate instruments of monitoring and evaluation:

PAR Policy Dimensions/Instruments	PAR Checklist / Core requirements
<p>1. Strategic framework and infrastructure</p> <ul style="list-style-type: none"> • PAR Strategy (PARCO 2006c) • Action Plan/Revised Action plan (PARCO 2006b, 2010) • Decision on establishment of the PARCO 	<p><i>- political vision/will and political consensus about the need and the scope of the PAR, adequately communicated to all layers of government and civil society.</i></p>
<p>2. Implementation arrangements and division of responsibility for coordination</p> <p>Common Platform for AP implementation:</p> <ul style="list-style-type: none"> • Political coordination: Coordinative Board for Economic Development and EU Integration • Operational coordination: PAR coordinators at levels of FBH, RS and BD • Technical coordination and implementation : Inter-governmental WG/Supervisory Boards in PAR areas 	<p><i>- strategy/action plan on PAR at state/ regional/local levels (coherence between objectives, tasks and budgetary allocations, timeframe and indicators, clear division of responsibilities between levels) endorsed and properly implemented.</i></p>
<p>3. Resources</p> <ul style="list-style-type: none"> • PAR Fund – donors • Domestic budget allocations for PAR • Technical assistance EC/DEU • Internal capacities and expertise – the PARCO and PA institutions 	<p><i>- monitoring and evaluation instruments following the implementation of the strategy/action plan in place</i></p>
<p>4. Monitoring and reporting (M&E System)</p> <ul style="list-style-type: none"> • Methodology for M&E • Progress reports on implementation AP1 (PARCO 2011a, 2012) • Reports on projects and work of PAR Fund • External reports, assessments, surveys and studies on PAR (EC, SIGMA, CSOs, academic institutions etc.) 	

Four key policy instruments have been stressed. The first is the policy strategic framework, the second comes out of the “magical words” of coordination and cooperation which also require an organisational set-up (PARCO, 2007).

The third instrument has been defined through resource management, where the key resource for coordination is the PARCO, and also administrative capacities of those in charge of implementation of reform activities and additional financial resource – the PAR Fund. The Fund is a result of coordination of donors by the PARCO, as an organised forum of donors financing a project approach to PAR implementation.

Yet, the core of the entire process is the fourth policy instrument – the system of monitoring and evaluation. The significance of this instrument is evident in its role of control of all the stages of PAR policy, but also as a tool for connection of different stakeholders within a multi-level structure.

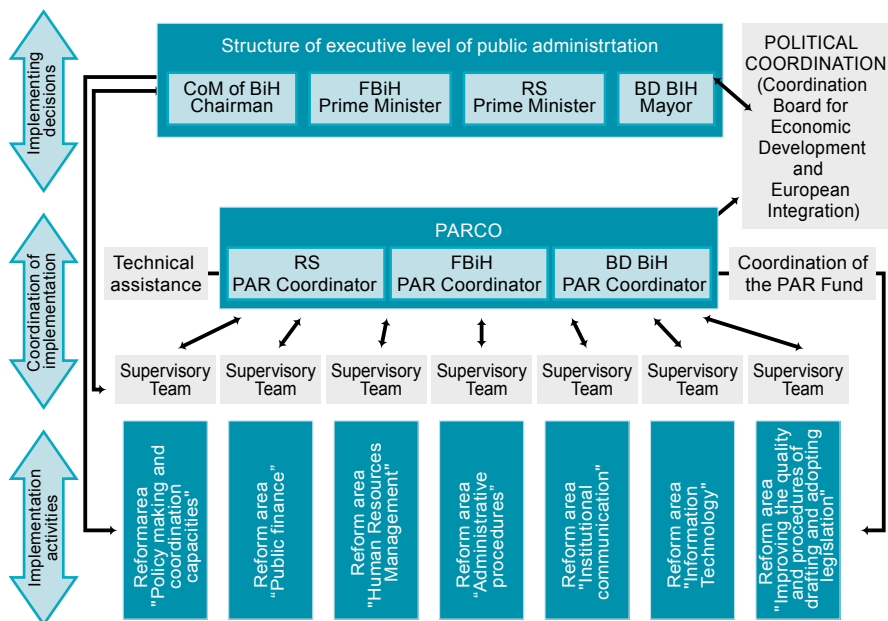
Policy objectives

The vision of the PAR is to “*develop a public administration that is more effective, efficient, and accountable; that will serve the citizens better for less money; and that will operate with transparent and open procedures, while meeting all conditions set by European Integration, and thereby truly become a facilitator for continuous and sustainable social and economic development.*” (PARCO 2006c.) The key strategic goal, in achieving the vision, is focused on improving *general administrative capacity*, through reforming core horizontal systems and structures of governance. Directions for achieving the goal and the vision are given, through creating more *coherent administrative structures* within and between various levels of administration and *managing change* toward the desired goals of each sector.

This strategic framework has emphasised the necessity of coherence, on one side, and the change management on the other. Being aware of the multi-level administrative structure in BH and the significant amount of the decision makers and policy/activity implementers, a real challenge was how to design a concrete policy implementation instruments in such a complex environment. Bearing in mind all the specificities of this policy in BH, and especially a multi-level administration with 4 autonomous systems and the importance of political and policy consensus, the real challenge was how to reach a comprehensive and coherent approach to the implementation and management of the PAR policy. As one of the possible solutions, a monitoring and reporting policy, capable of objective and coherent “tracking” of the reform’s success and implementation, was highlighted.

The logic behind this was in the already noted important mechanism set in place by the European Commission (RPM – reform progress monitoring), and the usage of its results as a policy-shaping background. Furthermore, a strong necessity for coordination, visible in the PARCO's limited authority and the mandate, has demanded a policy which will be used as a control mechanism, on one hand, and a guideline for shaping and implementing individual policies and activities at the level of implementers and policy makers, on the other.

Responsibility for the establishment of the system has been assigned to the PARCO. At a political level, the M&E system has been incorporated in the policy design, and operationalised through the mandate of the PARCO (reporting requirement), and through the PAR Strategy. By adoption of the Strategy, governments have accepted the obligation to regularly inform the public about the progress of the reform as they demonstrated political will to improve it in accordance with the results. The coordination/implementation structure identified by the Common Platform has also set up a reporting and data collection function (PARCO 2007).



PAR Coordination/Implementation Structure (PARCO 2007)

At a technical level, the development of such a system has proven much more complex and challenging, with the challenges in the specific multi-level implementation structure, and network-based activities given in the Action Plan. Several principles, such as transparency, participation, objectivity, coherence and consensual decision making had to be taken into account.

The process of creating a PAR monitoring system, therefore, started in 2007, with the PARCO as the owner. Technical assistance and the expertise to this process were given through the Technical Assistance Project “Support for the PARCO”, financed by the European Commission.

Methodology Used: The Choice of Policy Instruments

The development of the PAR monitoring policy and its methodology had several sources. The first source was international and EU practice, provided through the expertise of the Technical Assistance Project. The second source of shaping methodology was the Strategy, and especially Action Plan 1, as a basis for monitoring activity. The third source was the structure established with the Common Platform (PARCO 2007). The monitoring methodology was developed with reliance on the mentioned sources. The strategic decision included the choice of the most appropriate theoretical model, with the focus on the application of this concept to BH administrative reality. From the theoretical perspective, the M&E system used in the period of implementation of Action Plan 1 (2006-2010) was founded on the basis of a quantitative model, using the general principles of the so called “Balanced Scorecard” model recognised in the private sector management area ²⁰ whose usage was later also expanded to the public sector.

The M&E system used in this phase of the PAR relied heavily on the contribution of all participants in the process of data collection to the progress and changes that happened during the reporting period. The system ensured the monitoring of relevant activities at all four administrative levels (PARCO 2006a).

20 See (www.balancedscorecard.org/basics/bsc1.html),

Whilst the Strategy and Action Plan describe, in the form of a pyramid, how the mission and strategy had to be implemented, the monitoring model was intended to help control those activities according to the idea of an “inverse” pyramid (“PAR diamond” structure):

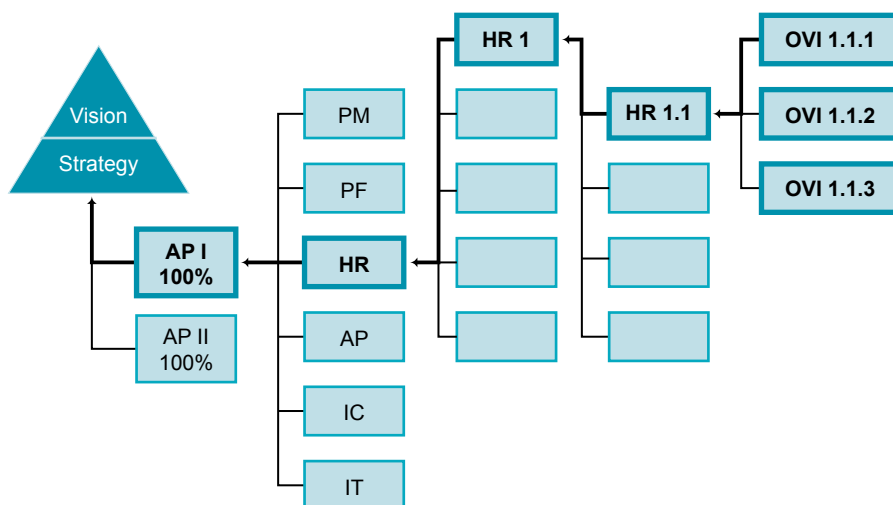


The monitoring system was observed as a four-phase process, with the following components:

Data collection in a multi-level structure is a highly complex activity. The sources of information in the PAR monitoring were identified from two aspects: the primary one originated from the structure given in the Common Platform, which included obligatory reporting on progress from the PAR Coordinators and Supervisory Teams to the PARCO (PARCO 2007b). The second source was the PARCO’s monitoring of secondary sources of data (governmental and parliamentary legislative activities, Official Gazettes, statistics and other publications, the media, the PAR Fund and external projects in the PAR domain, and international, EU and local reports). An important determinant of data collection was the demand for sources of verification through the provision of the reference based on “documentation and factual evidence”, where each piece of information had to be based on traceable and reliable documentary source.

Data processing and analysis was the central part of the monitoring methodology. It was based on analysis of the collected data, and comparison of it with the set-up activities given in the Action Plan. Therefore, a system of **OVI**s (Objectively Verifiable Indicators) was developed for every single measure/action, activity and group of activities. A quantitative dimension was reflected in the methodology for the estimation of the progress (PARCO 2006a). The Action Plan consisted of 6 dimensions or reform areas. Each dimension again consisted of a number of activity groups (For example HR1, HR2, etc.) which in turn consisted of actions (For example HR1.1, HR 1.2, etc.) that were again divided into activities. The OVIs were normally defined at the level of activities and the accomplishment of one or more activities is indicated by the accomplishment of the assigned OVI. Each OVI represented a certain percentage of the “value” of the respective action, whilst each action represented a certain part of the action group and each action group a part of the action plan dimension/reform area. So when OVIs were reported to be accomplished, the implementation percentage rose correspondingly.

The progress was calculated on a mathematical basis: through a set of predetermined OVIs for every activity, and with specific indicator percentage values assigned to OVIs and used for calculation. A prototype of the IT-based system for M&E was created and operationalised through Excel tables with all of the content of the Action Plan.



“Implementation tree”- hierarchic structure of OVIs

The **presentation of results** was provided through quarterly progress reports. Based on the calculation system, every activity or measure was compared against identified indicators, using the predefined OVIs, and a certain percentage of implementation for every activity was calculated. In this way, levels of progress were given separately for administrative levels, for activities and measures as a whole, for a reform area, and for the Action Plan as a whole. Full realisation would be denoted by 100%, and every percentage had its textual dimension (explained in the form of a comment, including the reference to a source of verification) (PARCO 2010).

Usage of the results was one of the complex policy issues, envisaged as a feedback channel for corrective actions, a warning mechanism against a lack of implementation, and guidance for future implementation plans. Overview of progress was given in the form of different statistics (progress at the governmental level, activity level, reform area level, total progress at the level of the AP), and by different comparisons, it was supposed to contribute to the speed and quality of the implementation. An M&E table with the evaluation and percentage of implementation for all of the Action Plan gave insight into implementation of the reform, with a warning system based on the deadlines given in the AP. And, finally, a guideline for corrective actions and future policy activities were given in the form of general and specific recommendations in each of the Reports.

Progress reports were prepared by the PARCO, and sent for adoption to the Council of Ministers of BH. The other governments were provided with the Reports as information and guidelines for its policy-making activities.

REFORM AREAS OF THE PAR STRATEGY AP1	2007	2008	2009	2010	2011 First half	TOTAL
	1	2	3	4	5	6
Policy Making And Coordination	19.55	15.05	5.32	7.59	2.84	50.35
Public Finance	20.63	13.85	10.37	9.38	0.42	54.65
Hrm	22.13	16.47	6.65	6.36	7.70	59.31
Administrative Procedures	13.70	14.23	5.49	6.32	1.43	41.17
Institucional Communication	21.12	12.19	7.13	24.13	4.58	69.15
It	13.44	13.33	3.74	7.19	1.27	38.97
Overall Ap1	18.43	14.19	6.45	10.16	3.04	52.28

Policy Revision

The first Progress Report, based on the mentioned M&E methodology, was published for the year 2007 (PARCO 2007a), and it aimed to present the results of general progress in the period after adoption of the AP1. After that, regular Reports were prepared on a quarterly basis for 2008 and 2009. The frequency of the reports changed in 2010 (PARCO 2010), when the practice of preparation of biannual reports started.

Despite significant effort being put into the development of the M&E system and the preparation and presentation of the reports, practice has shown a lot of criticism and problems in policy implementation, coming out of a complex network of data providers, and a huge area that needs to be covered by secondary research. Criticism derived from both inside and outside of the administration, because of problems with understanding of reported progress, and its contextualisation. Some of the key problems in that regard were:

- **Quantitative focus:** the quantitative nature of OVIs; PAR stakeholders raised the problem of understanding certain indicators, measuring and quantifying complex activities and interpreting the results.
- **Percentages of progress:** the public criticised the progress given in the percentages and “digital” logic behind it, stating that it was hard to understand and conceptualise achievements stated as percentages. This was stated in several studies and reactions from civil society organisations within the debate on the PAR (Eskić and Živanović, 2010).
- **Usage of the results:** policy makers in the administration criticised the stated results, claiming they were below the real progress achieved and stating that the percentages were not applicable to policy-making activities;
- **The levels of progress given** in the quarterly reports were noted as extremely small.
- **Data collection:** usability of information received, its quality; delays in reporting; capacity of Supervisory Teams to provide data from all relevant institutions; motivation of PAR stakeholders and data providers to report (as additional work)

- **Lack of documentation and factual evidence:** partially coming out of a lack of understanding of the OVIs, and partially from the inactivity of the PAR stakeholders.
- **Data analysis:** incomplete information, lack of documentation and fact-verification evidence given in the secondary sources, the PARCO's capacities, participation of coordination/implementation structure stakeholders in the sense of feedback and the verification of information and results.
- **Time lag:** Action Plan 1 was adopted in 2006, and the first Progress Report was issued at the end of 2007.

All the aforementioned influenced the PARCO's capacity to act as an agent of change and initiator of the PAR, as one of its key policies and instruments has been facing multiple problems. Therefore, a debate on revising the M&E system arose among the PARCO and its partners. A process of revision of Action Plan 1 (due to its expiry at the end of 2010) was recognised as a crucial moment and a possibility for its revision and improvement.

Again, the external expertise provided through the second Technical Assistance Project was used for this process, with the positive circumstances coming out of the comprehensive activities undertaken in the Action Plan revision process. Functional analysis of the reform areas was used as a basis for central revision activity: consultation with wide range of implementers from the civil service, and especially with the key PAR stakeholders. The opportunity was used to move from a more activity- and project-based system towards having more focus on processes, effects and outcomes.

The main instrument for revision was a full participative approach with inclusion of future sources of information (PAR stakeholders and implementers) in the development of the system, in order to gain a common understanding, ownership of the process and motivation for its functioning. Revision of the M&E system was based on the following goals and benefits from the participatory approach (PARCO 2011a):

Monitoring goals	Importance of the participative monitoring
<ul style="list-style-type: none"> • Measurement of success in implementation of the planned activities; • Provision of information on general effect reached in reform areas; • Ensuring quality to the end-users (citizens); • Monitoring of realised goals compared with defined dynamics; • Provision of information about the quality of the implemented activities; • Early-warning system to enable adequate reactions; • Evaluation and monitoring of the success of reform implementation at the different levels: the nature of specific goals, reform areas, administrative levels, etc.; • Provision of statistical data. 	<ul style="list-style-type: none"> - <i>Common understanding of problems and finding of solutions</i> - <i>Larger benefit for target groups and improved (and emphasised) system of responsibility</i> - <i>Making of adequate decisions - Improvement of the process (actions) as a whole</i> - <i>Data collection – the more actors are involved in data collection, the larger the quantity of potential gathered information is in place.</i>

The best practices and theory of monitoring were researched with the help of external experts, and several concepts were compared. Bearing the desired qualitative dimension, the complexity of the Action Plan and the process approach to the PAR in mind, **the concept of “traffic lights”** was chosen.

This concept is based on the process approach, where the analogy with traffic lights comes from. The main idea is to connect one of the traffic lights with a phase of the process – the start, implementation and finish. It should allow tracking development of the process, and the results of its phases. Still, the concept could not be implemented in the PAR monitoring system *as such*, primarily because of the nature of the PAR process: it is not a homogeneity, but rather diversified, with numerous different processes (activities) within it.

A working group in the PARCO was organised, and the mentioned concept was modified in order to be applicable to the BH situation. The end result was the introduction of a fourth “traffic light”, and four phases in the implementation of every activity and goal (PARCO 2011a, 2011b). Since the methodology was based on the monitoring of continuity and the quality of implementation, every single activity and objective are regarded as a process which has its beginning, duration and end. In order to apply the principle of the traffic lights system, it was necessary to identify certain transferring points in which the process transfers itself from one phase to another.

Phases of implementation (monitoring)/ traffic lights		Parameters for evaluation (benchmarking)
• Phase without implementation	RED	<ul style="list-style-type: none"> • Nature of activity/objective (character) • Timeframe for implementation • Time character (continuous or “one-time” action) • Manner of implementation (“common” or “individual”, where former is connected with joint PAR projects and latter with activities of the individual government and institution).
• Preparation phase	ORANGE	
• Implementation phase/ partly implemented	YELLOW	
• Phase of total implementation	GREEN	

The revised PAR monitoring system is based on the 4 levels of monitoring:

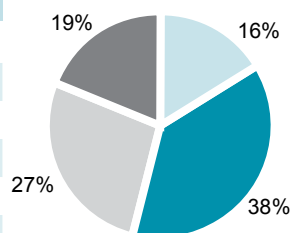
- 1. Monitoring of activities
- 2. Monitoring of goals
- 3. Monitoring at the level of reform areas
- 4. Monitoring at the level of the effects (PAR as a whole).

The progress report for the first half of 2011 was prepared as a transition towards the new monitoring methodology, with an attempt at an additional evaluation of the general achievements and progress in the period 2006-2010. The annual report for 2011, based on the new M&E system, was issued in February 2012 (PARCO 2012).

Policy Implementation: Challenges of Making the Policy Work

The revised PAR M&E system has been in place since the second half of 2011. In the field, some improvements were noted, compared with the previous system, especially from the point of view of a participatory approach. A certain dimension of evaluation and qualitative reporting was established, which is reflected in better understanding and better reception from the general and expert (CSO) public. Reporting based on the phase approach has proved to be much more informative and clearer from the aspect of policy making and implementation.

Number of reform goals (planned for 2011. and 2012.)					
BH	FBH	RS	BD	Average	
10	8	3	11	16%	n - without implementation -
19	22	19	17	38%	n - implementation started -
15	16	13	12	27%	n - partly implemented -
6	6	16	11	19%	n - totally implemented -
50	52	51	51	TOTAL NUMBER OF GOALS	



Yet, certain issues and problems remained, affecting the most optimal implementation of the M&E system. There were “system problems” coming out of the policy implementation. The absence of political leadership in the context of support to the PAR directly affects the real progress in the field. The complexity of the administrative system, visible in different interests, directions and intensity of implementation at different levels of government also affects the monitoring. The issue of capacity and effective participation of the other actors in charge of the implementation is also a very important one.

The operational problems in the implementation of the M&E system mostly inherited from the past period:

- **Capacity of the data providers**, where one Supervisory Team is responsible for the data in the whole reform area;
- **Interpretation of the goals and indicators** by direct implementers and PAR stakeholders
- **Quality and usability of information** received from PAR stakeholders
- **Lack of documentation, factual evidence and data verification**

The mentioned problems directly influence the full application of the goals of the monitoring systems, causing:

- A not fully implemented concept of Result-Based Monitoring (RBM)
- The precision and the scope of the indicators given in RAP1, developed in the consultation process and affected/limited by the implementers and PAR stakeholders consent; sometimes they are perceived as

not being qualitative enough, and not fully **RACER**-based (Realistic, Accepted, Credible, Easy, Robust) (SPI/GIZ 2013);

- Monitoring is still mainly at its third level, without the level of effects.

In its attempt to approach monitoring as a dynamic and flexible policy, the PARCO conducted a comprehensive analysis of the functioning and implications of the system of monitoring and reporting in 2012. It conducted a set of activities oriented towards improvement of the system:

- An independent expert conducted functional analysis of the system, and gave recommendations for the full application of the Result-Based Monitoring concept (SPI/GIZ 2013);
- The PARCO commenced a complex activity of linking monitoring and reporting with the strategic planning in governments and institutions.
- In 2012, the PARCO prepared an Operation Plan for unrealised measures from RAP1 for 2011, and forwarded it to all institutions assigned as implementers, which obliged them to give feedback and to report on implementation, so the results collected from the BH state level were given in a separate monitoring report on the implementation of the Operation Plan, and in the Annual Progress Report for 2012. This activity was also used to develop a network of contact individual, nominated on behalf of the BH state institutions given in the RAP1.

Based on these activities, future developments of the system have been formulated in several directions. Identified problems and shortcomings are directing data collection improvements in two ways: through widening the network of data collectors using nominated contact individuals to communicate with all individual institutions; and the creation of tailor-made online questionnaires for data collection, with improved feedback and quality of information. The focus will be put on automation of the collection, using the ICT infrastructure and electronic communication channels. Data processing, analysis and presentation would move towards monitoring and reporting on outcome and results. Feedback and usage of the results should be improved with the adoption of a strategic planning approach, and incorporation of the results and recommendations of the reporting in the annual and strategic working programmes of the governments, ministries and other institutions at all levels.

Conclusion and Lessons Learned

- The monitoring and evaluation system is a dynamic and flexible instrument, but it has to follow every single phase of the policy cycle. For its full efficiency and effectiveness, this system has to be taken into account at the phase of policy planning; it has to be developed together with other policy instruments and to comprise other policy mechanisms. The practice in BH has shown that in the phase of planning and developing the policy, the monitoring and evaluation systems have to be simultaneously developed, so that it can start functioning at the same time when the policy starts to be implemented.
- There is no perfect M&E concept which can be immediately applied. Every theoretical concept or practice from another environment, has to be analysed, modified and adjusted to the internal and external context of the policy. The more complex the policy is, the more important this demand becomes. A “copy-paste” approach can look like a magical solution in the short term, but in the long term the specificities of the policy and its application in the precise environment will only multiply the problems and lead to unexpected obstructions.
- As in any policy area, the formula of achieving results (RESULT = CAN+KNOW+WANT) has to be applied to monitoring and evaluation policy. Special focus is always on the decision makers (political will), sufficient resources (organisational, technical and financial), and, most importantly, capacities and knowledge of the policy implementers. Observing M&E as a policy instrument, it is an additional function which connects the ingredients of the result in the presented formula.
- No single concept or model which is theoretically perfect, no matter how developed and professional it is, can be applied and implemented without the most important resource: people and their dedication and involvement. Therefore, when a decision on development of the M&E as a system is to be made, the orientation has to be towards the concept, which is: participative, realistic, simple, motivating, easy to understand, producing a “shared ownership” and “shared responsibility” of all actors involved.

- A very important function of the M&E system in the context of the PAR policy is provision of the sustainability of reform results. A logical step forward in this direction is the introduction of the ROM (Result-Oriented Management) concept into the system of the strategic planning of the work of the government and individual institutions as well as the inclusion of the policy goals into these plans. In order to strengthen the efficiency of the overall system of strategic planning, implementation of the government's strategic priorities and long-term objectives derived from sectoral policies (such as the PAR policy), has to be supported by a proper M&E system that itself is ROM-based.

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Chapter 15

Building Monitoring and Evaluation Capabilities in the Western Balkans and Turkey – Public administration perspective

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Abstract

In July 2012 the European Commission and the World Bank initiated a project to help strengthen public sector monitoring and evaluation in South-East Europe and Turkey. The project targets specific sectors for support, including public administration in all countries. This paper provides an introduction to the project. It explains the main features, methodology, approach and the roles of key stakeholders. The readiness of beneficiaries is discussed and the challenges faced are outlined, with particular attention to the public administration.

Background: The demand for better monitoring and evaluation

The management of public resources is increasingly focusing on the rationale and intended purpose of spending, monitoring the use of funds, and assessing the economy, efficiency and effectiveness of actions and results. Government and donors are particularly active in encouraging, and many cases requiring, explicit monitoring and evaluating of the use of funds.

All national governments and many local governments in the Western Balkans and Turkey have already established some level of public sector performance monitoring although the quality of performance architecture and management arrangements varies considerably within and between countries.

The European Commission is particularly conscious of the importance of effective monitoring and evaluation. It proposes to change the basis of IPA funding from approval of specific projects in each country to a more strategic, medium-term sector-based approach (European Commission, 2010). This new approach would be based on sectoral strategies incorporating key performance indicators and targets that would be monitored and reviewed as part of agreed management and accountability arrangements.

In 2011 the European Commission (EC) sought a strategic cooperation with the World Bank (WB) to help address perceived weaknesses in monitoring and evaluation (M&E) at the sector level in certain countries receiving IPA funding. The EC agreed to finance a project, implemented by the WB, to provide technical support in candidate and potential candidate countries of the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Macedonia, Montenegro and Serbia) and Turkey to strengthen their institutional capacity for monitoring and evaluation (M&E) in selected sectors. One of the core sectors selected for each country was public administration.

Project objectives

The specific development objective of the EC and WB project is to “develop a foundation for measuring, monitoring, and evaluating public sector performance in selected sectors” (World Bank, 2011). In pursuit of this objective, the project seeks to contribute to several higher-level goals, including development of sustainable institutional capacity for monitoring in the selected sectors, build beneficiary ownership of M&E systems, and ensure that indicators are useful for public officials in making decisions on policy, programme design and resource allocation.

The results expected from the initiative include project-, country- and sector-level goals. At the project level there should be ten or more good practices documented and disseminated for the benefit of participating countries and others interested in learning from their experience. The country-level goals are to encourage the utilisation of performance information in policy

discussions and to improve the quality of planning documents for IPA funded projects and strategies. Within sectors supported by the project, the goal is to establish three to five SMART²¹ performance indicators with reliable data sources.

The purpose of the project is not to create a stand-alone M&E process, but to provide tools to equip decision makers for evidence-based policy making, resource allocation, and project management. The M&E systems should produce information on public sector performance that directly feeds into policy planning, programme design and budget formulation. The *demand* for performance information by policy makers and public sector managers is critical to the success and sustainability of the M&E process. At the same time, successful M&E also requires adequate data collection mechanisms that can *supply* the information that policy makers and public sector managers demand. The project seeks to strengthen both the supply and the demand side of the market for M&E.

Approach to strengthening M&E across the region

The project consists of two phases: inception and implementation. The inception phase was completed at the end of February 2013. It involved in-country assessment of current institutional arrangements, capacity, existing M&E architecture, related development projects and key stakeholders. It also served as a means to raise awareness of the project and to establish the level of interest and preparedness for project implementation. The WB produced a draft inception report (World Bank, 2013) which summarised the findings of rapid assessment activities in each county and provided suggestions for action and approach during the implementation phase of the project.

The inception report was followed by a conference in Vienna, Austria on 28 February 2013 to discuss the findings and actions proposed in the report. The feedback provided by country representatives on the inception report –

21 SMART is an acronym used to summarise quality criteria for performance measures. The components of SMART commonly refer to the characteristics: Specific; Measurable; Attainable; Relevant and Time-sensitive.

before and during the conference – was used to help refine preparations for the second phase of the project: the implementation phase.

The implementation phase of the project has commenced with the identification of sector experts with experience in M&E for the sectors selected in each participating country. These experts will be supported by consultants appointed by the World Bank to work in-country with government representatives responsible for M&E in each sector. A project coordinator has been selected for this phase of the project and will be based in Vienna. She will maintain regular communication with all participating countries for the duration of the project. The project is due to close at the end of February 2014.

The general approach to work in each country and sector is driven by a set of guiding principles. Firstly, the assistance will be provided on demand, based on a plan agreed between the WB project coordinator and government-assigned coordinators in each country. The plan will set out the expected support in terms of sectors, source of indicators, specific added value required, preferred timing of engagement and other administrative details. Specialist consultants will follow up in-country, based on the agreed plan. They will assist in addressing needs and priorities decided by the sector and provide practical advice on aspects that they see as crucial to achieving and sustaining project results.

The second guiding principle is that the project is expected to engage staff at all levels – including service delivery, technical, policy and administration staff as well as senior executives and ministers. The focus will be on staff contributions to the quality and effectiveness of the M&E product and application within the relevant sector. The third implementation principle is that training will be provided on a tailored basis to ensure that it is relevant and useful to the participants, whichever level of development they have already attained. This will require provision of training at basic, intermediate and advanced levels, with recognition for the varying degrees of technicality and specific sector/result relevance. Sector-specific training will be provided to address common data measurement, quality and methodological challenges. In-country specific training or awareness raising will be provided,

as decided by country-based sector and central focal points, on issues such as strategic alignment, management engagement and ownership of indicators. It is expected that EU Delegations will provide training on IPA II strategy development. The project will support this during implementation.

Peer-to-peer learning is another important principle underpinning project implementation. WB experience in supporting peer learning through PEMPAL and other initiatives provide a foundation which can be applied through networks of sector and country contacts. The provision for cross-country learning events in the project will provide some impetus for exchange of knowledge. The emphasis on peer learning is supported by other initiatives and institutions in the region, such as ReSPA and the Centre for Excellence in Finance. These organisations provide complementary forums to facilitate exchange of relevant knowledge and information and are actively promoting and developing networks of practitioners across the region. The Vienna-based M&E coordinator will be a central point to channel practical and relevant information on good practices in relation to the project and to provide liaison with other organisations.

The last guiding principle for the project acknowledges the limiting factors of scope, duration and resources. With a total budget for the implementation phase of around €800,000 to support work in seven countries for only one year, there is less than €100,000 available for the sectors in each participating country. The project is modest in funding but high in expectations, which creates a significant challenge in terms of achieving substantive results while avoiding disappointment and lack of motivation. The project does not provide sufficient scope for long-term resident advisers or multiple training sessions on the same topics. This reinforces the importance of careful planning to achieve the greatest impact.

The specific methodology to be used for identifying and establishing suitable indicators and supporting data and management arrangements will differ across countries and sectors. The selection of indicators will be driven by a common set of principles to complement the SMART quality focus. These principles include:

- a. Usefulness to national, sectoral policy makers and public sector managers. The indicators should provide relevant information for decision makers to assess the effectiveness of government policy and efficiency of government programmes, including by enabling them to commission in-depth evaluations based on the monitoring data²²;
- b. Alignment with existing monitoring and data-collection systems. It is expected that a combination of national and international data sources will be used to minimise any additional administrative and financial burden;
- c. Feasibility to produce acceptable quality data, indicators, analysis and reports at a reasonable cost;
- d. Relevance to the core principles of the EU *acquis* in each sector, as outlined in the Multi-Annual Indicative Planning Documents (MIPDs);
- e. Low susceptibility to data manipulation and perverse incentives;
- f. Comparability over time and across countries (to the extent possible).

In regard to the public administration sector, the inception phase of the project confirmed that there is considerable diversity of M&E infrastructure and capability across participating countries. For example, some countries have broad, medium-term sectoral strategies with common indicators that are reported against regularly to government. Other countries have more limited public administration reform strategies, some of which are affected by changes of government, laws and administrative structures since they were established. The indicators used in many of the existing strategies focus on detailed actions and activities to be performed with few clear measures of outputs and outcomes to be achieved. Some countries do not have sectoral strategies for public administration, or have only partial reform initiatives, for example relating to financial management.

The positive aspect of such diverse experience and circumstances across the region is that it provides a fertile field for drawing on good practices in one country which may be usefully employed by another. There are many aspects of public administration that have been the focus of international

22 These indicators should inform selective evaluations, which can investigate the underlying factors for high or sub-optimal performance and point to appropriate adjustments.

research, statistical and information collection, measurement and reporting. The countries participating in this project are covered by many such initiatives. For example, in the area of public finance and audit, every country (with the exception of Macedonia) has performed a Public Expenditure and Financial Accountability (PEFA) assessment in the last four years, or is undertaking an assessment in 2013. This experience provides potential indicators for monitoring progress on public finance standards using a common, internationally developed methodology. The countries that have used PEFA also have quantified baselines which can be either drawn from existing studies, or updated with little difficulty using the same published methodology. If public finance and audit is included in the indicators adopted for public administration, Macedonia could employ the methodology and undertake an assessment for the small set of indicators selected from the PEFA framework at relatively little cost. There may be donors willing to provide additional support for this activity.

Other aspects of public administration also benefit from the availability of international measures or assessments of various aspects of public administration. For example, the WB Doing Business survey includes many indicators relating to the performance of public administration on services to, or for, business. The WB is also developing a repository for information on Actionable Governance Indicators (AGIs) to provide a source of available information that can be used to measure and monitor public administration reform impacts (World Bank, AGI, 2013). The AGIs incorporate PEFA indicators as well as measures relating to human resources management, public accountability mechanisms, policy management systems, procurement assessments, law and justice and human development sector indicators.

Other organisations also have cross-country indicators and data on aspects of public administration that could be used with the aid of this project. For example, the Open Budget Initiative (Open Budget, 2013) and reports on various dimensions of public administration by SIGMA, United Nations e-government surveys, and initiatives by country development organisations such as the UK Department for International Development and the German government.

Policy design: The project inception phase

The inception report produced under this project drew on a vast collection of documents and meetings with officials and other stakeholders in each of the participating countries. Discussions in-country focused on the planning and coordination department within policy ministries responsible for each sector. Central coordination ministries such as the prime minister's offices, strategic planning offices (where they exist), the Ministries of Finance and the Economy, and the Offices for EU Integration were also important contacts. EU delegations, World Bank offices and major donor organisations in the various sectors were also consulted.

A follow-up survey was conducted after the preliminary meetings in each country and sector to collect information on the specific attributes of the M&E to provide a common source of comparable dates for planning of the implementation phase. Each chapter of the inception report contains summaries of current circumstances in those countries and information relating to a selection of possible participating sectors. Key findings were distilled from the information collected and are being used as a guide for implementation.

One of the key pressures faced in shaping the implementation phase has been the selection of sectors that will participate in the project in each country. The final sector selection must be made by the EU, in consultation with the WB, based on the feedback received from countries and the analysis undertaken during the inception phase.

Policy implementation: Challenges for the project

The implementation process for this project has only just begun, so it is not possible to present even early insights into this part of the project. The challenges of implementation are, however, quite stark and daunting for all participants – including the EC and WB.

The limited resources provided for the project impose a tight constraint on what can be achieved and the scope of influence. The short timeframe for the

project also limits the depth and quality of action, which will have implications for its sustainability without follow-up support.

Variation in the nature, quality and sophistication of M&E arrangements in each sector and country also provides a significant challenge for the project. It is not appropriate to treat each participant in the same way and so individual development plans are needed for all. The diversity of experience and operating environments also impose constraints on the extent to which experiences in one country and sector are applicable to others. This limits the benefits of potential peer learning and exchange of good practices.

The project has some very positive attributes, however, which are expected to help overcome the challenges and deliver meaningful and sustainable benefits. The interest and motivation of each country to participate in the project is strongly evident from the inception phase. This is an essential requirement for success, and will have a major bearing on the implementation phase and results. Another important strength of the project is the interest shown by the EU in applying the results of the project to the essential task of preparing sector strategies under the IPA framework. This will provide a strong and practical focus for the work of the project and a clear purpose for its outputs in the short to medium term. It will also help to engage senior management and elected officials, whose leadership will be crucial to the ongoing value and use of M&E systems.

The experience of each country in developing performance measures and establishing monitoring arrangements provides a valuable platform on which the project can build. The WB has considerable experience in supporting development of M&E arrangements around the world and can draw on internal expertise and global experiences to add value to the work of country practitioners in strengthening the arrangements already in place.

The complementary roles of other development partners and institutions will also bolster the potential achievements of the project. There are many projects supported by international organisations that are already underway in participating countries involving development of M&E systems and

capabilities. Organisations such as ReSPA and SIGMA have established highly complementary work plans and EU preparation for IPA II will directly apply the outputs of the project.

Conclusion and Lessons Learned

The key conclusions at this stage of the project can only be a prelude to what will be achieved through the implementation phase of the project. The inception phase of the project has given all stakeholders a very good understanding of the status of monitoring and evaluation in the participating countries and sectors. The picture is very mixed and will require careful planning and focused implementation to achieve substantive and sustainable results within the available resources.

Throughout the inception phase of the project, lessons have been observed from previous M&E initiatives across the region:

- Establishing and strengthening M&E is not a short-term activity. It requires ongoing effort within each sector and at the centre of government;
- Ownership of the M&E process and use of the results by senior executives and elected officials is crucial to progress and quality of the systems and information;
- M&E development needs to go hand-in-hand with other reform initiatives and must be linked to strategic planning, policy development, budget and operational management to have any significant value to the users;
- Good quality data and indicators directly relevant to users are necessary elements of any effective M&E system;
- Appropriate and timely communication of information in a form that is easily digestible and practical is an important part of the system. It can bridge the gap between good information and good policy.

The true test of the project is yet to come. It is a very ambitious initiative, involving cooperation between two 'heavyweight' international organisations and a group of energetic and aspiring countries. The prospects for success

are promising, the expectations are high and the challenges are daunting. It is hoped that by the time of the next ReSPA conference, there will be impressive results and more valuable lessons to share.

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ReSPA is an international organisation which has been entrusted with the mission of boosting regional cooperation in the field of public administration in the Western Balkans. As such, ReSPA is a unique historical endeavour, established to support the creation of accountable, effective and professional public administration systems for the Western Balkans on their way to EU accession.

ReSPA seeks to achieve this mission through the organisation and delivery of training activities, high level conferences, networking events, summer schools, study tours and publications, the overall objectives of which are to transfer new knowledge and skills as well as to facilitate the exchange of experiences both within the region and between the region and the EU Member States.

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