



## **9<sup>th</sup> ReSPA Annual Conference Optimization of Public Administration in the Western Balkans**

### **Key Issues and Conclusions**

The 2016 ReSPA Annual Conference provided an opportunity for practitioners and experts from Western Balkan and EU countries to share their experiences, methodologies, lessons learned, and innovative practices. The main task of the conference was to consider optimization in a more comprehensive manner and in relation to systemic changes of PA systems facing new social and economic trends.

The 9<sup>th</sup> ReSPA Annual Conference put the emphasis on trends, lessons and practices, and key concepts of optimization of public administration, understood comprehensively: from budgetary constraints and reduction; reorganization, functional and structural changes, capacity development and business process redesign, to ICT and digital government. It was designed to facilitate open dialogue and strategic conversations towards development of a shared understanding and launching co-creation of common strategies and methodologies. In that respect ReSPA continues the facilitation of interaction amongst regional countries and supports development of innovative solutions at the regional level. Key issues and conclusions presented and discussed on this conference provided guidance for thematic focus, design and organization of upcoming ReSPA activities, events and programs.

### **Opening remarks**

According to ReSPA Comparative Study, optimization of public administration could be defined as a process or methodology of making public administration as fully functional or effective as possible. The process of optimization should be understood as one segment of the broader public administration reform focusing on: public finance (budget planning and execution), the civil service system, organization and functioning of public administration, public service delivery and decision-making process. Having in mind that these areas are interconnected and interdependent, reforms need to be well organized, coordinated and implemented. The optimization of public administration might refer to a wide range of actions such as: rightsizing, development of e-Government and e-services, increasing efficiency and effectiveness, reduction of government spending, improving transparency and openness, increasing quality of public services, rationalizing the structure, modernizing HRM, which are the topics that were discussed during 9<sup>th</sup> ReSPA Annual Conference.

During introduction, it was emphasized that, in general, WB countries have very complex administration which is one of the reason for initiating this conference. Beside this, adopted laws and strategic plans are usually without adequate implementation capacity. Therefore, regional cooperation is recognized as necessary factor for exchanging ideas and innovative solutions to ensure efficient optimization process. ReSPA is recognized as a regional coordinator of activities related to preparation and implementation of successful regional initiatives through different



cooperation models: policy development, networking, capacity building, development of manuals for different rightsizing initiatives.

### Round table discussion: Experiences of Western Balkans in optimization of Public Administration

The purpose of this round table was to identify and focus on key challenges that currently stands in the way of optimally organized public administration. One of the key challenges raised during the discussion was identification of the right size of a government entity as well as criteria for establishing PA institutions. In line with this, it was indicated which key optimization tools are used and what roles does the management play in such optimization process. Functional reviews, internal and external benchmarking are recognized as one of the most important tools for the optimization and might be very useful in defining the right size of the institutions. All issues and challenges covered during this session provided the ground for other conference sessions with the main focus on how to share know-how (techniques, tools and good practices) among all ReSPA members.

### The challenge of optimizing public administration in the Western Balkans: Lessons learned from EU/Worldwide experience

The concept of the optimization has been around for a long time, and was mostly connected to either fiscal crisis or to attempt to improve efficiency. In that sense, there is considerable experience and practice to be shared from other countries. The economic crisis has had diverse impact on the optimization and professionalization in Public Administration, whether it was related to the need to decrease the overall wagebill, or to the need for more systemic changes in civil services. SIGMA's perspective on optimization of the public administration through rightsizing is particularly relevant for the Western Balkans due to the focus on accession countries. It is also an integral part of the broader European integration process – with the focus on issues of policy coordination, civil service reform, accountability and public finance. According to SIGMA, good quality of data and analysis is precondition for optimization, but it is also of a concern because the capacity for data collection and processing is still limited across most of the countries in the Western Balkans.

UN and UNDP have been engaged in the area of the optimization for a long time and across a number of countries. The case of Georgia, with UNDP focus on systemic public administration reform and capacity development of civil service is particularly relevant. Special attention is being paid to a more comparative approach of the UN experience in the field of optimization of public administration. However, the question was asked: why optimization, i.e. what are the objectives? In the case of Georgia, the focus was not necessarily on rightsizing, but on introducing innovative solutions to existing public administration system.

This session was concluded by engaging presentation on Transforming PA with the use of innovation leading towards transformation and catalytic impact. In that regard, optimization should



be understood as an incremental process, leading to a transformative, deep change on medium to long term run. A key message from this presentation is that innovation is possible in public sector and requires targets, system, different culture requiring different behavior including reward of success, celebration of failure and punish of inaction.

### **Budgetary constraints and the rightsizing and human resources management in the context of optimization of Public Administration**

The World Bank experience in domain of budget optimization is particularly important due to the diverse contexts in which the World Bank has been involved. Despite considerable experience and a set of highly elaborate methodologies, the World Bank is still focusing on adapting to the specific circumstances in the country context. This has been the case of the current project on functional reviews in Serbia, where the World Bank organized several substantive analytical efforts – from central government to service delivery to Ministry of finance and agriculture – in the broader context of fiscal consolidation in the public sector. The constraints and solutions of the process of budget optimization were elaborated with the emphasis on most recent practices and lessons learned from Bosnia, Montenegro and Serbia example. The comparative reforms of human resources were presented in the context of budget cuts and the broader evidence of reform efforts in public administration. The main question being can we do better even in the context of lower budgets. The conclusions were supported by another overview of the impact of fiscal crisis on public administration in Europe, which presented diverse responses to a common external threat.

### **Organizational changes and improvement of decision making process in the context of optimization of Public Administration**

One of the more promising aspects of optimization is the systemic approach to reorganization of public administration institutions. Horizontal and system functional analysis is often the preferred methodology, while the focus on managerial principles for establishment of public administration institutions has proven to be a very good preventive measure. Optimization is a complex and systemic process and experiences in the transition of public administration, in particular with regard to change management and decision making sometimes does not sufficiently draw the attention. However, this might be one of the most effective leverage points for optimization. Another aspect that should be put into the focus of optimization in order to prevent its narrower interoperation that is limited to budget cuts, is the emphasis on the quality and service delivery. These two aspects are considered to be a driving factor, rather than a mere addition to, the optimization of the public administration institutions.

The opportunities are often found in the context of strategic planning with introduction of new country-wide strategic framework for public administration reform, accompanied by appropriate political leadership and steering by the body in charge of coordinating reforms. Moreover, the more widely and systemic application of CAF (Common Assessment Framework) as a means of quality management in public administration, was considered still not sufficiently explored opportunity for



catalytic change. Nevertheless, it is through the process of using functional reviews – and introduction of consolidated management criteria for public administration bodies – that is considered to have the highest leverage for enabling interest, ownership and participation. These are also considered key preconditions for success, along with the need to improve communications across public administration systems and diverse stakeholders.

### Utilization of ICT in optimization of Public Administration

Generally, ICT solutions are being introduced in an organization in order to increase operational efficiency, quality, and transparency. But, besides these intended effects, the introduction of ICTs also leads to substantial changes in the organization of an institution as well as in already established relationships among all involved actors. The idea of e-administration is utilization of informative and telecommunication technologies in public administration, in connection with changes of organizational nature and acquiring new skills, that aims at improvement of quality of public services, strengthening of citizens' commitment in democratic processes. In order to provide some directions and guidelines for future utilization of ICT and to stimulate further thinking about the concepts some driving forces, benefits, barriers and key success factors are presented through key lessons from EU member states as well as some successful examples from Serbia, Albania and Macedonia covering service delivery (registration of babies and introduction of e-cadastré) and HRM (recruitment procedure). Utilization of ICT can lead not only to the increase of public administration efficiency and public services quality, but also it can be used to decrease costs of public services delivery and shorten administrative procedures. In that regard a lesson from the EU is that public administration reform should be closely connected to the ICT sector. For instance, if OSS should be introduced for all government processes, the registers of all processes should be first consolidated and optimized. Nevertheless, ICT might lead to possible redundancy of existing jobs, while create new ones – which is a new challenge for reorganization and optimization.

### The role of CSOs in monitoring the optimization process and Public Administration Reform

Civil society organizations have been recognized as important actors in creating public policy at the national and regional levels. They should take an important role in establishing transparent PAR monitoring system. Establishing regional CSO PAR Consultation Platform is initiative presented at the final session of the conference aiming to ensure conditions for monitoring PAR progress in each Western Balkan country ensuring the ground for regional benchmarking and comparison. In that way citizens, can gain insight into the foundation of the reforms that are being implemented at national and regional level.



## Conclusions

Public administrations across the region have already stepped deeply into the reform process, and have strategic plans in all identified area of optimization process. The aim that should be set for the next period is to plan carefully all necessary preconditions to improve performance and quality of services provided to citizens and businesses, while increasing efficiency and productivity. The basis for this is the optimization of processes and structures of public administration. In order to become a real service to citizens and businesses, it is essential that the optimization of public administration leads to rational, transparent and accountable system, with the support of all relevant state and social actors, and above all, citizens, who directly participate in the process of reforms and in that way, contribute to creation of developed democratic society.

The focus of optimization for the forthcoming period should be on public services (e.g. education, health) which brings in a whole new set of challenges, with most of the optimization efforts requiring policy and legislative change, as well as working with institutions which tend not to be under direct government control. Moreover, the complexity in public sector organization is manifold higher than in public administration, which requires a more sophisticated and innovative approach to design and implementation of optimization efforts.

Having in mind the complexity of the optimization process of public administration and the current situation in the specific areas of optimization process in the individual WB countries, regional cooperation through the exchange of experience and joint efforts can significantly contribute in overcoming some of national challenges and accelerating the progress in all identified areas.

ReSPA will be delighted to support the follow up activities believing that sector wide approach within our portfolio will enable more diversified activities in domains of public service delivery and quality in public administration. In that regard, the topic chosen by the participants as a possible focus for the next Annual Conferences was: **“Innovation for improving quality of public services”**.