

COMPARATIVE ANALYSIS OF PUBLIC ADMINISTRATIONS REFORMS IN FORMER SOCIALIST COUNTRIES OF CENTRAL AND EASTERN EUROPE¹

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Introduction

Public administration reforms in Western Europe after 1980 were based on relatively common problems (Pollit and Bouckaert, 2004), two of which were evaluated by most authors as crucial. The first problem was macro-economic: too big a proportion of government in GDP, significant deficits, and a perceived lack of public sector performance contributing to GDP. The global crisis, which became visible in 2009 in the form of the financial crisis in the USA, created new challenges. States need to react effectively to existing global and local problems with short-term anti-crisis measures and especially with long-term strategies, including a further revitalization of their public administration systems. The second problem was a drop in trust and legitimacy in public institutions, including politicians; both issues are still a challenge for all CEE governments.

In CEE countries, the position from which reforms were initiated was quite different; the main objective was the creation/re-creation of democratic public administration systems. The strategies of the CEE countries were also different: either they were heavily influenced by the prospect of becoming an EU member or they were not. Building democracies, organizing transitions, and in some cases preparing pre-accession were shared objectives to be achieved, but methods, tools, timing, and concrete targets were only a relatively shared problem. CEE governments all changed drastically. Political systems changed from centralised or dictatorial systems to democracies. Democratic checks and balances were established. State structures were reshuffled, often toward more decentralisation. Economic systems changed, e.g. from state monopolies to market systems with private firms. Societal and social systems with NGOs, not-for-profit organizations, and citizen action groups were established that

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are designed to participate actively in public debate and to become stakeholders in their society and their communities (Peters, 1996).

The goal of this paper, heavily based on NISPAcee research projects¹, is to identify shared and varied public administration reform trajectories and briefly assess the outcomes of public administration reforms in the CEE region. It discusses whether New Public Management is the best solution for the CEE region today and its final part provides indications of the general requirements and conditions that will allow national public administrations to overcome the challenges of the post-2015 period and meaningfully contribute to the process of achieving objectives of sustainable development.

1. CEE public administration reform trajectories: commonalities and differences

Public administration reforms in CEE are not carried out as one uniform process, neither in their contents nor their time frames. In this part of the paper, we discuss patterns of reform trajectories.

1.1. Reform beginnings and phases

Available information about reforming public administration in CEE indicates that the national patterns differ somewhat in terms of the beginning and the contents of their reforms, depending on local, political, social, and other environments. Two subgroups are fully visible:

- 1) Countries in Central Europe, including the Baltic States
- 2) Countries of the former Soviet Union (NIS region)

In Central Europe, the first democratisation phase, which was focused on building new public administration systems and started in early 1990, was relatively similar in phasing and reform contents. It focused on replacing old 'socialist' structures with new democratic ones, establishing real local self-government system, democratic elections, etc.

The second common aspect for this region was the EU pre-accession phase at the end of the 1990s and the beginning of the 21st century (Romania was slightly later). Although the public administration

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system was not an explicit part of the *Acquis Communautaire*, several targets were set by the EU regarding administrative/management reforms in the public sector. Typical common tasks were: establishing a civil service; further decentralisation, especially creating regional self-governments; introducing e-government services; and improving the system of financial controls in order to be able to utilise EU funds.

The situation in other CEE countries does not fit any uniform pattern. The content and timing of their reforms were individual and depended on the country's specific internal and external environments.

The limited local stability in the Kyrgyz Republic meant that basic administrative reforms in the country were initiated only in 2001. For the first time, Public Management Reforms were articulated as a government priority in the Comprehensive Development Framework up to 2010 (2001) and reflected in the National Poverty Reduction Strategy (NPRS) (2003). Apart from those two strategic documents, a Public Management Strategy was developed in 2003 that focused on the basic mechanisms needed to create a system of public administration.

In Ukraine, some changes began in the 1991–1997 period, characterised by the chaotic reform of both the socio-economic sphere and the state machinery. Several decrees and regulations were prepared later, but increasing political instability limited their success and even their chances of being implemented.

In Kazakhstan, the main aims of the public sector reform agenda were set within a long-term vision for Kazakhstan, announced by the President in 1997, and called 'Kazakhstan 2030'. Reform strategies comprised several main goals, such as increasing the effectiveness of the government, implementing modern information technology, eliminating bureaucracy in government bodies, and restricting state interventions in the economy. The early civil service reform efforts of Kazakhstan by 1999 were first among former soviet countries to introduce important innovations, like the division of civil servants into political and career officers; open and mandatory competitive selection into civil service and the protection of career civil servants when a political leadership changes. Specialized Civil Service Agency has been created during this period. The second wave of significant reforms and professionalization was in 2013 when Kazakhstan again

was first among the CIS countries to introduce the following. In 2013 President decided to decrease the number of political appointees by 8 times, which has been considered by international experts as an unprecedented manifestation of the political will and as a clear sign of a move towards professionalization of the civil service. With the President's order the senior executive core «A» was established. The special competitive selection procedure into the personnel reserve serves as the only source of appointment, retention and termination of civil service, based on special qualification requirements. So, out of total 97,000 civil servants in Kazakhstan 550 positions currently belong to senior executive core «A». Thanks to the country's relative political stability and wealth, all planned reform targets were successfully achieved.

In Armenia, the reform efforts might be characterised by their long interruptions and sporadic nature. The first attempts at a legal framework for the civil service were articulated in 1994 — the concept of civil service was re-developed by the government in 1997 — but its implementation was again delayed after the 1998 change in power. The final version of the Civil Service Law was enacted only in December 2001. Under such conditions during the first reform stage (1999–2003), only basic systems for managing the core government apparatus were established. The second reform stage (2003–2008) focused on improving broader public services.

Russia is an unusual case. According to Obolonskij (2009), there were several attempts to reform Russia's public administration and civil service system. The first attempt was made in 1991, when the Civil Service Office (Glavnoe upravlenije po podgotovke kadrov) was established by presidential decree; it was supported by French experts. This Office was abolished in late 1994 because of its limited success, due to a combination of the influence of 'old' cadres and unhelpful French advice. The second attempts are connected with the 1997–1999 period, when President Yeltsin established the Committee for Administrative Reforms, which formulated a reform strategy. However, this document was never implemented because of major political changes. In the 1999–2002 period, especially at the beginning, public administration reform was discussed and analysed many times, but concrete steps were not taken until 2002. President Putin first presented the need for radical reform in the Parliament, and in November 2002 he approved the document 'Federal Programme of the Civil Service Reform 2003–2005'. In spite of some implementation delays, the Civil Service Law was accepted

by the Parliament in 2004, the Civil Service Office was established in 2007, and most of planned Presidential decrees were adopted. However, the real impact of these changes will only be visible later.

A simplified picture of what happened and when — based on the cluster analysis method — is provided in Table 1, below.

Table 1: Country clusters; reform contents and timing

Cluster	Main Features	Countries
1	First PA reforms began in the early 1990s; early reforms were supported by many international donors to supplement limited local experience. From the mid-1990s, the dominant goal was EU accession and the necessary administrative adjustments. After 2004, the speed of reform more or less slowed down.	Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia
2	Similar to 1, but with a few years' time delay.	Romania, Bulgaria
3	A stable and strong presidential system allows for relatively successful changes, especially after 2000.	Kazakhstan
4	The reform systematically blocked or at least slowed by 'old cadres'. Necessary legislation adopted only recently; its impact cannot yet be assessed.	Russia
5	Too much local instability continues to prevent needed reforms.	Armenia, Kyrgyz Republic, Ukraine

Source: Bouckaert et al, 2009

1.2. Reforms' reasons and driving forces

As with the phasing and main contents, the purpose of the reforms and their driving forces are relatively similar in Central Europe, but there are also some important similarities in the Eastern European states.

The first reform phase in Central Europe, at the beginning of the 1990s, represented a clear attempt for democratisation, including the democratisation of public administration, fulfilling the need to establish standard administrative structures which function in

developed countries. This phase was dominantly supported and also supervised by SIGMA, OECD structured, and financed by the PHARE programme. Other international donors were also very active during this period, such as the World Bank, the International Monetary Fund, and country-specific donors. For example, the Estonian public management reform practices were influenced by relevant solutions in Germany (the legal framework, in particular), the UK, and the Nordic countries (individual management tools). Such help was necessary because of the shortage of human and financial resources, the lack of experience, and the urgency for solutions.

However, compared to Eastern Europe (see later), the major decisions about the design and operation of public administration systems in Central Europe have remained very much 'home-grown', thanks in part to the effective reform coordination activities of SIGMA and OECD. Policy transfer was an important policy tool in the 1990s, but it has been gradually replaced by a more knowledgeable process of policy-learning in recent years.

As already described above, the second phase of reforming public administration systems in Central Europe was very closely linked to the EU accession process. The role of other international organisations diminished, and only a few dominantly sectoral or very specialised activities (e.g. the establishment of a cost centre system in the Slovak public administration supported by German funds) remained supported by bodies such as the World Bank, the International Monetary Fund, and country-specific partners.

After accession, the EU pressure for changes almost disappeared, and reforming public administration became a more 'voluntary' and nationally motivated process (sometimes funded from EU structural funds). The reaction to such new conditions varied among the new EU member states. Some continued to try to implement more complex reform plans (Latvia and Lithuania) and others significantly slowed down, making only a few small changes instead of the required complex reforms (Slovakia and the Czech Republic).

A simplified picture of the principal reform reasons and driving forces in Central Europe, based on the cluster analysis method, is provided in Table 2.

Table 2: Central Europe country clusters: reforms, reasons and driving forces

Cluster	Main features	Countries
1	First PA/PM reforms represented the need for democratisation, a switch from the old system and a demonstration of the will to change. From the mid-1990s, the most important reason and driving force for reform was EU accession. After accession, there were few initiatives.	Czech Republic, Lithuania, Poland, Slovakia
2	First PA/PM reforms represented the need for democratisation, a switch from the old system and a demonstration of the will to change. From the mid-1990s, the most important reason and driving force for reform was EU accession. After accession, reforms continued.	Latvia, Lithuania, Hungary
3	First PA/PM reforms represented the need for democratisation, a switch from the old system and a demonstration of the will to change. From the mid-1990s, the important reason and driving force for reform was EU accession, but many or most changes would happen without EU pressure. After accession, reforms continued, but on a limited scale.	Estonia
4	Reforms began mainly in relation to EU accession and are still connected to it.	Romania

Source: Bouckaert et al, 2009

The situation in most areas of Eastern Europe (Russia may be an important exemption) shows that the majority of reform changes in this region were driven by international donor agencies. Compared to Central Europe, where local reform capacities were created incrementally and most funds were provided by the EU in a relatively coordinated form, in this region, little progress would be possible without external help. Many positive changes would not be possible without the use of international expertise and funds, as local capacities and financial resources were, and still are, very limited.

However, several evaluations of foreign assistance highlight several negative features. For example, there are frequently too many donor agencies sitting at the neck of an individual ministry. In such a situation, the application of 'best global practice' is almost

meaningless. Moreover, most projects are built upon the 'client's needs' as identified for the government by external experts, rather than responding to the actual needs and demands of the present day.

Shakarashvili (2005) adds to this: 'Especially at the early phases of the post-Soviet reforms, these countries were strongly attracted by the idea of 'westernisation' and were open to close collaboration with international (predominantly Western funded and Western influenced) organisations. Often, this collaboration resembled a teacher-pupil type of relationship, when governments would not object to following the recommendations of external partners without questioning their validity or appropriateness for the local context, whilst the Western agencies were not shy to reveal the 'consultant knows it all' attitude. The policy design recommendations were often based on the specific experience and knowledge of international experts in their own countries.'

2. Selected reform outcomes

Public administration and management reforms in the CEE region can be evaluated from many different angles, but it is necessary to accept that they delivered many important and necessary positive changes and improvements compared to the pre-reform situation of 1990s. Effective practices were established in many cases and areas, and the gap between the quality of administration in developed countries and in the region is becoming smaller and smaller. However, as Mayer-Sahling (see below) and other authors indicate, regressive trends are clearly visible today in some countries (for example, there is recentralisation in Hungary and the abolishment of the civil service offices in Poland and Slovakia). We will highlight selected important developments in crucial public management sectors.

2.1. Public financial management

From a macroeconomic point of view, it is necessary to admit that all EU member countries significantly improved their financial discipline, in part thanks to the implementation of modern budgeting methods. Until the financial crisis at the end of 2008, very few countries had to cope with excessive deficits and large debt

levels, beyond the Maastricht criteria (Hungary, Poland). Slovenia and Slovakia managed to join the Euro zone.

However, since the start of the financial crisis, the financial health of most CEE and former Soviet Union states has deteriorated markedly, reflecting the ongoing crisis as well as the packages of economic stimulus adopted in several countries. Latvia, Hungary, Romania, Serbia, Belarus, and Ukraine found it necessary to approach the International Monetary Fund for financial assistance.

Typical public financial management reforms in the region are a full accrual medium-term programme and performance budgeting, contracting, outsourcing, public procurement, and even public-private partnerships projects. The results of such attempts differ significantly and depend on concrete local conditions and the environment. High levels of corruption are one important barrier to success. Cost-benefit analysis and impact analysis are more and more commonly practised, partially because of the requirements of the EU structural funds.

A relatively weak point is the efficiency of financial controls and auditing in CEE. Probity – compliance – legalistic approaches dominate, and auditing value for money is still a limited practice.

2.2. Decentralization and fiscal decentralisation

Decentralisation and fiscal decentralisation is a particularly common feature in the language of public management reforms in the CEE region (this may also be due to pressure from the Council of Europe – Congress of Local and Regional Authorities). However, its scale and reality differ significantly. The most radical changes of decentralisation can be found in Estonia and Slovakia. After 2000, decentralisation was the main motto of reforms in Slovakia. The opposite can be found in the eastern countries. In many eastern cases, the initiatives of decentralisation (especially fiscal decentralisation) have not been implemented. For instance, Ukraine has not yet created ‘real’ self-governments.

The most important changes of formal decentralisation are connected with the creation of regional and local self-governments and the transfer of competencies and resources to these levels.

The impact of these changes is mixed, reflecting the opportunities and limitations of decentralisation as a reform tool as well as the need to tailor decentralisation to a particular reform environment. An improper allocation of responsibilities limits the chance for economies of scale and increases transaction costs. Too small government units suffer from a lack of competence and financial resources. Therefore, during the process of fiscal decentralisation, 'the administrative capacity of sub-national governments and the administrative and compliance costs of decentralisation' should be taken into account (Allen and Tommasi, 2001).

2.3. Civil service and human resources management

A recent comparative study of the civil service systems in selected CEE states found significant variations in the progress of civil service reforms and their sustainability after EU membership (Meyer-Sahling, 2009). It was possible to distinguish three groups of countries, varying in terms of their current fit with European standards of administration and in terms of the professionalization trajectory (see Table 3 below).

Table 3: Fit with European Principles: Comparison Across Countries

Current Fit & Post-accession pathways	High fit	Medium to high fit	Medium fit	Medium to low fit	Low fit
Constructive continuation of reform	Lithuania	Latvia, Estonia			
Constructive reform reversal			Hungary, Slovenia		
Destructive reform reversal				Slovakia, Poland	Czech Republic

Source: Meyer-Sahling, 2009

The fit with European principles was found to be the highest in the three Baltic states (Lithuania, Latvia, and Estonia), which constructively continued their civil service reforms. Slovakia, Poland, and the Czech Republic share a relatively low fit with European principles of administration; they are the destructive reform reversal cases (Meyer-Sahling, 2009).

Outside the new EU member states, progress in the civil service area has been even more limited. In the absence of an effective conditionality of EU membership, the civil service reforms of the former Soviet republics (except the Baltic States) have been driven by international donors and domestic political forces. Despite some efforts to modernise the civil service systems, public administration professionalism remains rather low and there were frequent incidences of administrative corruption, with these countries at the bottom of the 2008 corruption perception index. A weak democratic state, stemming from the ability of the post-communist political-administrative regime to retain its power, was found to be one of the main reasons for failed public management reforms in this region.

3. New Public Management and CEE region

During the times of transition, and also now in times of austerity, many CEE countries decided that a smaller state is a better state. However, this NPM-based issue is not simple, as discussed in this part. There exist two concepts connected with NPM, NPM as the way of internal and NPM as the way of external workings of government. These concepts have a rather different focus, despite their common denominator in market ideology. Whereas Osborne and Gaebler (1992) wanted primarily to improve the way government works vis-à-vis society, which would in their view only be possible if the public sector would withdraw and leave service delivery to the private sector; Hood (1995) emphasized the meaning of NPM as a set of recommendations in order to make the public sector better organized and managed internally. Reading both of these frequently-cited publications with the benefit of hindsight, one can see that NPM became the heading for two related but simultaneously rather different streams of reform: on the one hand aimed at improving the quality of the public service delivery on behalf of its customers, and on the other hand emphasizing the need to downsize public service, because in neo-liberal terms there is no way out for the public sector except to leave everything to the private sector.

The internal and external workings of the public sector present an important, albeit somewhat neglected, distinction between two

dimensions of NPM. Looking at the external workings, we feel that NPM is really a dead philosophy. However, recent research provides evidence that many NPM tools, if properly implemented, may still support important efficiency improvements. In our opinion, better efficiency is still an adequate tool to help balance the currently seriously imbalanced governmental finances. Spending less and taxing more is very risky, from the economic, political, and social points of view. Spending better may help. All this implies that NPM is not dead in terms of the recommendations it gives for improving the internal workings of government.

The recent literature on this subject indicates that many NPM-generated tools and instruments are alive all over the world. The results of their implementation depend on the quality of preparing and implementing respective reforms. The most common and frequently used NPM tools and instruments, with their positives and bottlenecks, are the use of performance measures, the emphasis on output and controls that objectives are met (performance audits and controls), contracting and outsourcing, the disaggregation of and competition within the public sector, the emphasis on the quality of service delivery, and e-government tools. In many cases, private sector management styles are copied by public organizations: hands-on management, input discipline, more product-oriented instead of function-oriented management, careers organized on a professional instead of formal-legal basis, mobility increases, and flexible work contracts.

Many authors have evaluated the appropriateness and suitability of NPM principles and tools for the transitional countries. Most authors have not been very optimistic, for example: 'In Central and Eastern European (CEE) transition countries...public administration has had to face special challenges because both the creation of a political democracy and the implementation of the principles of efficiency and effectiveness have become crucial tasks of modernisation at the same time' (Jenei and Szalai, 2002). 'NPM is particularly bad if pushed upon transition and developing countries because if it can make any sense, then it is only in an environment of a well-functioning democratic administrative tradition' (Drechsler, 2005). 'The greater the shortcomings in a country's established management practices, the less suitable the [NPM] reforms' (Schick, 1998). 'Once a so-called Weberian administrative system is institutionalised, then it may

make sense to consider how best to move from that system towards a more modern system of PA' (Peters, 2001).

These quotations indicate that NPM as a reform ideology may not be the proper approach for reforms in transition countries, but this does not mean that many NPM-based policies and instruments cannot be implemented as soon as possible. For example, performance evaluation methods, especially benchmarking, may really help to improve transparency and accountability. Following statements summarise existing knowledge:

- *When reforming administrative systems in transitional countries, overestimating the role of NPM and implementing NPM as a reform ideology and main goal is an evident mistake.*
- *Results from the use of concrete NPM-type tools and mechanisms vary significantly by instruments used and by countries and depend on concrete local conditions and the environment.*
- *The implementation of any NPM mechanism should be deeply investigated for pervasive effects and other 'ex-ante' dysfunctions. Ex-post corrections are costly, if they are possible at all.*

3.1. What was missing; what was and is different in CEE?

In order to be successful – to deliver positive outcomes and impacts – the use of NPM in transitional countries has to reflect specific transitional circumstances, which may limit the possible positive impacts of NPM on reforming public sectors and may exaggerate its negative features. Both 'external' and 'internal' capacities of CEE governments differ significantly from the situation in developed countries. Tables 4 and 5 show the differences for main macro-indicators.

The subsequent text discusses some of these differences in more detail. From the point of competitiveness, the early phases of transformation from a command economy to a market system are clearly characterized by the fact that even potentially competitive markets in transitive countries were not well developed and were dominated by monopolistic or oligopolistic structures and behaviours. Given this, it is rather optimistic to expect that competition could help to improve the performance of the public sector: one of the main arguments for NPM's competitive arrangements is cost-savings as a result of competition.

From the point of democracy, the expectations at the beginning of the transformation were optimistic, but today we know that democratic institutions and norms were not fully developed in CEE during the twenty-year transformation period. The structures exist, but the behaviour is still semi-socialist. A lack of a sense of individual responsibility along with paternalism and fiscal illusion remain important features of citizen behaviour. For example, in Slovakia, 67% of respondents believe that their problems need to be solved by the state (Bunčák et al, 2009).

In these conditions, the rent-seeking behaviour of politicians and bureaucrats is fully effective (from an economic point of view), as it is the simplest way to maximize individual benefits, at least from a short-term perspective.

The possible success of NPM is connected also with the 'quality of the state of law'. The state is switching from the role of the provider to a regulatory function: such a change is technically possible, but cannot deliver results in conditions where regulations and guidelines do not exist and where the law is not respected. There is currently excessive evidence that respecting the law is not the rule for governmental officials and is not required by citizens.

Another core problem is corruption. It is difficult to measure corruption. The most frequently used Transparency International CPI indexes describe opinions about corruption, but do not measure it directly. Many methodologies are sensitive to the level of awareness – when respondents become more aware of the problem, results worsen. In any case, the risk of corruption in CEE is relatively high.

Several CEE countries also suffer from extreme territorial administrative fragmentation. Two classic examples of this are Slovakia, which has only 5.5 million inhabitants, but almost 2,900 municipalities, 68% of which have less than a thousand inhabitants, and the Czech Republic, which has almost 10 million inhabitants, but close to 6,000 municipalities, 80% of which have under a thousand inhabitants. According to Davey (2002), such municipalities struggle with large implementation deficits: 'Reform programs are challenged by the inability of such communities to provide administrative and financial capacity and the scale economics and catchment areas necessary for essential services'. For this reason, we feel that territorial fragmentation, in the absence of effective inter-municipal co-operation, may also be an explanatory factor in the limited success of NPM.

Table 4: Selected macro-indicators I
(higher score = better position)

Country	Functioning of government	Impartial public administration	Government effectiveness	Regulatory quality	Control of corruption	Professional public administration
Selected developed countries						
Austria	12	0.87	1.72	1.52	1.79	4.45
Denmark	12	1.21	2.29	1.91	2.48	5.67
France	11	0.69	1.48	1.22	1.40	4.83
Germany	12	0.54	1.57	1.53	1.70	4.52
Norway	12	1.33	1.75	1.42	1.98	3.75
Sweden	12	1.07	2.04	1.71	2.27	5.65
UK	12	1.06	1.50	1.60	1.54	5.40
USA	11	0.73	1.40	1.40	1.26	4.41
Selected large developing countries						
Brazil	7	-0.02	0.2	0.14	-0.11	3.92
China	1	-0.84	0.13	-0.19	-0.54	4.13
Kazakhstan	2	-0.79	-0.21	-0.32	-0.91	3.75
Russia	3	-0.92	-0.35	-0.35	-1.12	3.29
South Africa	9	-0.76	0.46	0.44	0.11	2.95
Selected small CEE countries						
Czech Republic	11	-0.18	0.98	1.29	0.38	3.74
Hungary	10	-0.21	0.70	1.09	0.36	3.67
Poland	10	0.23	0.59	0.95	0.43	3.80
Slovakia	10	-0.12	0.89	1.08	0.27	3.79

Source: own compilation from different resources

Table 5: Selected macro-indicators II
(higher score = better position)

Country	Corruption perception index	Rule of law	Independent judiciary	Economic freedom index	Ease of doing business (world ranking)
Selected developed countries					
Austria	7.90	1.78	1	71.60	28
Denmark	9.30	1.91	1	77.90	5
France	6.90	1.46	1	64.20	32
Germany	8.00	1.65	1	71.10	18
Norway	8.60	1.90	1	69.40	7
Sweden	9.20	1.95	1	72.40	8
UK	7.70	1.74	1	76.50	6
US	7.50	1.55	1	78.00	4
Selected large developing countries					
Brazil	3.70	-0.20	0	55.60	128
China	3.60	-0.34	0	51.00	91
Kazakhstan	2.70	-0.64	0	61.00	56
Russia	2.20	-0.78	1	50.30	118
South Africa	4.70	0.09	0	62.80	41
Selected small CEE countries					
Czech Republic	4.90	0.96	1	69.80	67
Hungary	5.10	0.79	1	66.10	49
Poland	5.00	0.63	1	63.20	74
Slovakia	4.50	0.55	1	69.70	46

Source: own compilation from different resources

3.2. *Conclusions: Where to go?*

Public administration reforms in CEE countries have achieved a mix of successes and failures. However, the reform process proved to be more difficult and slower than expected at the outset of political and economic transition as well as EU accession. The purpose for such limited progress might be that the reform process in many CEE countries was dominated by short-term political interests of ruling political parties, negatively affecting the reform process as well as producing ups and downs in the government policy. This is in contrast to Western Europe, where the zigzag or action-reaction trajectories of public management reforms were based on competing administrative doctrines (NPM reforms based on the principles of 'letting and forcing the managers to manage' followed by post-NPM reforms focusing on renewed hierarchy-type, market-type, and network-type mechanisms) (Bouckaert, 2009).

Economic crisis: the call for the new role of the state

The world economy, and particularly the advanced economies, slowed substantially in 2008 and went into deep recession in 2009. The forecast was for a return to positive growth in 2010, but this is not true for most countries even today. Many authors speak about a 'global systemic crisis' rather than a short term temporary economic and fiscal imbalances.

Many transition countries of Central and Eastern Europe have been significantly affected by the current crisis. It could be argued that the impact of the crisis was greater in countries lacking necessary the institutional and human resource capacities of national public administrations. Two standard types of measures – increasing taxes and decreasing public expenditures – have been and are used to cope with fiscal problems by almost all governments involved. However, it is very clear today that such solutions have only a short term perspective: we need sustainable long term solutions; we need to rebuild governments and subsequently improve the public trust in governmental structures; we need to switch from traditional government to modern governance.

Governments should act according to the criteria of good governance. The UNDP sees five good governance principles: legitimacy and voice, including participation and consensus orientation; direction, including strategic vision; performance, including responsiveness, effectiveness, and efficiency; accountability, including transparency; and fairness, including equity and rule of law. The World Bank

has given six dimensions to the concept: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. The EU sees the characteristics of good governance as: a government's reliability, predictability, coherence; its openness and transparency; its accountability and responsibility; its professionalism; the extent of participation; and its effectiveness. If government would proceed to thus improve itself as much as possible in these dimensions, it would be sufficient for eradicating societal problems.

The criteria of a Neo-Weberian state also follow the same line; see Table 6.

Table 6: *The Neo-Weberian State (summary)*

Neo-	Weberian
Shift from an internal orientation towards bureaucratic rules to an external orientation towards meeting citizens' needs and wishes. The primary route to achieving this is not the employment of market mechanisms (although they may occasionally come in handy) but the creation of a professional culture of quality and service;	[but:] Reaffirmation of the role of the state as the main facilitator of solutions to the new problems of globalization, technological change, shifting demographics, and environmental threat;
Supplementation (not replacement) of the role of representative democracy by a range of devices for consultation with, and direct representation of, citizens' views	[but:] Reaffirmation of the role of representative democracy (central, regional, and local) as the legitimating element within the state apparatus;
In the management of resources within government, a modernization of the relevant laws to encourage a greater orientation towards the achievements of results rather than merely the correct following of procedure. This is expressed partly in a shift from <i>ex ante</i> to <i>ex post</i> controls, but not a complete abandonment of the former;	[but:] Reaffirmation of administrative law – suitably modernized – in preserving the basic principles pertaining to the citizen-state relationship, including equality before the law, legal security, and the availability of specialized legal scrutiny of state actions;
A professionalization of the public service, so that the 'bureaucrat' becomes not simply an expert in the law relevant to his or her sphere of activity, but also a professional manager, oriented to meeting the needs of his or her citizens/users;	[but:] Preservation of the idea of a public service with a distinct status, culture, and terms and conditions.

(Pollitt and Bouckaert 2004, p 99-100)

Building the necessary institutional and human resource capacities for modern governance involves many elements, especially:

An 'appropriate' (the size of the state shall respect local conditions) and 'strong' state, delivering evidence-based public policies, consulted with citizens and focused on citizens: there are many areas where the role of the state and its bodies is inevitable, and in non-competitive industries and social policy, focusing on inequality, the core problem of the current society. Switching from politics to policy is conditional upon the political and administrative elites of the post-communist countries becoming more willing and able to reform the very foundations of their political systems and overcome their short-term political interests.

An effective state: the principles of economy, efficiency, and effectiveness should rule all 'macro' and 'micro' governmental actions, properly implemented on a case-by-case basis. Public finance sustainability is a core part of total sustainability and depends on many factors connected with the allocative and technical efficiency of public expenditures (answering questions like: What do we spend resources for? How do we spend resources? And, what do we achieve from resources used?). One of the core issues here is combating the corruption that is a core problem of contemporary societies, especially in our region. *A 'social state':* inequalities need to be properly addressed and basic social rights guaranteed to all citizens.

A state of the 'rule of law': social and economic problems of modern societies cannot be solved in conditions where the legal system is weak and enforcement impossible.

A state that is responsible for continuously improving service delivery systems, with a focus on access, efficiency, quality, co-production, and results: public service delivery modes should change in many aspects. Basic services (such as health care, as described in this paper) should be available for everybody, optimum modes of financing and production should be sought example for communal services, quality and results checked internally and externally, and all of this should be done with much more involvement of citizens and the third sector.

A state that systematically improves its administrative and regulatory services: European principles clearly define main standards.

Possibly the issue most lacking are compliance costs (Russia is a good example, with its attempt to estimate the most important compliance costs for state services, at least waiting times, fees, etc.). There are many tools for achieving these targets. The most important include informatisation in public administration: e-governance; optimization of administrative structures; citizen and third sector participation and co-production; proper management of human resources in the public sector, including sustainable and effective training and retraining; and economization, focusing on improved allocative ("for what do we pay?") and technical efficiency of public expenditures ("how much do we pay?").

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