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Making the State Work

LESSONS FROM 20 YEARS OF PUBLIC ADMINISTRATION REFORMS IN CENTRAL AND EASTERN EUROPE AND THE FORMER SOVIET UNION

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Executive summary



UNDP works with national and regional actors in Eastern Europe and Central Asia – shown attending an event during the 2014 Shift Week of Innovation Action – to identify post-communist development pathways that place people at the heart of the process, engage them in identifying challenges and facilitate co-creating solutions. (Photo: UNDP)

The paper "Making the State Work: Lessons from 20 Years of Public Administration Reforms in Central and Eastern Europe and the former Soviet Union" reviews literature analysing more than 20 years transition in the Former Soviet Union (FSU) and Central and Eastern Europe (CEE) with the main objective of bringing together existing research for practitioners in an accessible manner. The literature reviewed highlights a number of important lessons-learned after the political transitions beginning in 1989. The post-1989 development took many different directions in terms of economic, social and political reforms. The main difference in post-1989 institutional development has been between the countries that were part of the FSU and the countries that formed part of the external empire in CEE (including the Baltic republics that were formally incorporated into the Soviet

Union). The post-Soviet countries still maintained the conceptual and institutional legacy of the Soviet Union, often combined with the gradual return to the traditional or patriarchal rule of the past, associated with little economic modernisation and the re-emergence of the traditional authority of clan connections. Meanwhile, the CEE countries generally returned to their pre-Soviet institutions and practices that made the democratic transition less vulnerable to the misuse of power and the reversal to autocratic or semi-totalitarian regimes.

Based on the lessons from the literature reviewed in the report, the following eight main 'axes of public administration evolution and reform' in the FSU and CEE countries are highlighted:

- 1. Continuity and discontinuity in public administration;
- 2. Relationship between public administration, policy and politics;
- 3. Decentralization;
- 4. Organisational reforms of public administration;
- 5. Human resources and personnel reforms in the public administration;
- 6. Gender and minority representation in public administration;
- 7. Anti-corruption; and
- 8. Sustainability of reforms in public administration.

THE REVIEW PROVIDES THREE MAIN FINDINGS

The first finding of the review is that different public administration reform tracks were pursued in the immediate, as well as longer-term aftermath of the political transitions. The different tracks range from far-reaching structural reforms and personnel changes at one end of the spectrum, to a high maintenance of the conceptual and institutional legacy of the Soviet Union at the other end. A key feature of this finding is that context, traditions and historical relations matter. The diverse ethnic and socio-cultural norms in the FSU and CEE countries were 'frozen' during Soviet rule but 'resurfaced' as soon as the USSR and the particular all-consuming nature of the autocratic system dissolved. The review reaffirms that while the 'Eastern bloc' appeared to be rather monolithic from the outside, this belied enormous internal diversity and, once the external constraints were removed, post-communist nations began to immediately diverge in their policy developments. However, the review also finds that, while historical context and traditions matter, they do not necessarily shape the destiny of a country. Some countries have demonstrated an ability to break the patterns of their region and perform above historical levels and sub-regional averages due to well-designed structural reforms on parameters such as anti-corruption. The review notes furthermore that institutional changes and successful public administration reforms are to some level ascribed to the external incentives and requirements from the process of EU accession.

The second main finding of the review relates to reform of civil service management and can be defined as the identified need to develop a new merit-based civil service with solid policy-making capacity. This finding refers to the dilemma that was identified in the aftermath of transition between sustaining existing capacity in the civil service versus removing the old regime loyalists with the consequence of causing discontinuity in the public administration. The review finds that countries in CEE that predominantly discontinued the old regimes' civil servants were also the countries with the most successful transition in terms of political and economic development. However, such correlation does not prove causation. Meanwhile, the end of the autocratic regimes in the FSU and CEE brought a need for civil servants to develop their policymaking skills, as opposed to previously when civil servants were largely responsible for implementation of policies developed by organs of the ruling Communist Party. Simultaneously with this capacity-building to 'politicize' the civil service, a need to 'depoliticize' decisions about recruitment and promotion surged. A need to sway from the former regimes' civil service management based on clientelism and politicized incentives towards a more neutral, merit-based system based on capacitybuilding and fair recruitment proved crucial. Based on the evidence reviewed, some countries have fared better than others in this aspect of transition but, in spite of significant influence, pressure and support from the EU, sufficient progress has not been clearly demonstrated from the evidence in the review.

The review also concludes that, as an integral part of civil service management, it is essential to reform personnel policies including training, recruitment and fair pay. Some CEE countries are identified to have shifted towards more openness, decentralized decisions, individualistic responsibility for careers and a diversification of career paths. This has generated an increased trust in the fairness of the human resource management, and thereby in the wider civil service management. Another vital component of generating increased trust in public administration systems in the FSU and CEE countries

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has been to combat the systemic corruption, in particular the specific nature of corruption in transitional context with large-scale privatization of public assets. While implementation of anti-corruption efforts has proven highly challenging across the board, there has been significant difference in accomplishments, depending on the structural reforms carried out to increase the likelihood of uncovering and punishing corruption. Measures including enforcement of new legislation, introduction of user fees, clear rules for decision-making and allocation of goods, as well as increased transparency for external verification of compliance, have generated results in a number of countries – even in countries, such as Georgia, that have 'shot above' the sub-regional average in the field of anti-corruption.

These findings are interlinked with a particular notion on diversity and representation of ethnic minorities as well as increased gender equality – two issues of particular relevance to all the post-communist transition countries. This issue of representation in the public administration has received particular attention from the EU in the CEE accession countries where power-sharing mechanisms have been promoted to bridge ethnic cleavages. The review concludes that changing the formal rules, through means such as anti-discrimination laws, can be adopted relatively easily and with international support. However, their real implementation in society has proved harder to achieve.

The third main finding of the review is that the transition countries in the FSU and CEE approached the reorganisation of their public administration from a variety of angles, including decentralization, privatization, agencification and downsizing of the state administration. This review documents that each type of reform has had profound implications on the political landscape and distribution of power in the post-transition years. The review particularly focuses on decentralization as a core tool to change power relations during the transition from autocracy to a democracy but concludes that empirically it is more important how decentralization is implemented than the fact of decentralization itself. While the review does not find clear evidence that decentralization is a driver for regional/local economic development, some of the empirical evidence does indicate that decentralization can be an effective tool to reach other objectives, such as conflict mitigation, particularly in countries with ethnically mixed populations. In terms of the overall aim to achieve a more efficient public administration, the review finds that the different measures of reorganisation applied in the FSU and CEE oftentimes did not necessarily reduce the size of the public administration. Rather, the disappearing functions were often substituted with other functions, as decentralization and nationbuilding processes require the input of additional staff and resources.

Finally, based on the transitions in the FSU and CEE, the review identifies as a cross-cutting issue the need to ensure **sustainability of reforms**. The provision of financial and human resources, as well as the development of central management capacity with political support and technical capacity, has proven vital to the sustainability of reforms. The empirical evidence in the review also points to the efficacy of policy transfer and replication of reforms from other contexts in the early phases of transition. Subsequently, when better policymaking capacity is developed in the transition countries, customized policy solutions and local ownership become more predominant.

Preface Key reflections from the authors

While the research on post-communist countries is extensive, practical lessons for policy-makers are often not clear-cut. The fact that findings are robust but limited is a cold comfort to leaders of Ukraine or other countries in the European neighbourhood who have to grapple with difficult issues of how to transform their public administrations. Therefore, we would like to use the preface to engage in a more personal reflection, trying to answer a simple question – what works? The following seven points combine findings from the literature, with our experience as researchers, policy-makers and consultants across the region. In some places, they come back to issues discussed above, but more clearly and vigorously, albeit with less definitive proof.

Participatory planning in Armenia's Yervandashat community. (Photo: UNDP Armenia)



- 1. Lack of perfection does not equal lack of progress. Rereading the text, even we as authors realize that much of it has a highly sceptical tone. This is caused by the continuing self-evident problems, even in the most successful post-communist countries, but also by the fact that evidence from research is often suggestive, but rarely clear and robust. This applies only if one looks at individual elements of the puzzle, though. If one looks at the total progress, it is obvious that the best-performing post-communist countries have made enormous strides in the performance of their public administration and are now far ahead of the least successful ones and surpassing some of the "old" Member States of the European Union.
- 2. Even apparently small and symbolic measures can have important consequences. As we pointed out, no country has made and sustained a largescale personal break with the past. In the end, even the most determined governments found it difficult to sustain comprehensive exclusion of elites of the previous regime from elite positions of the new one. Nonetheless, countries that opened their archives, and set even symbolic barriers against wholesale retention of elites, reaped important benefits.
- 3. European integration works but it cannot solve everything, and the mutual commitment has to be real. It is hard to overstate how European integration changed post-communist public administrations in the new Member States and continues to do so. This includes not just adoption of EU legislation, which prescribed many institutional solutions,

but also Structural Funds that involved significant institutional and personal investment, as well as networks and linkages resulting from attendance of myriad meetings in Brussels and use of soft tools of Europeanization, such as open method of coordination. The well-known issues with public administrations of "old" Member States, such as Greece or Italy, indicate that this influence has a limit, but for post-communist countries, the dynamism of change and resulting improvement were real. The influence is also incomparably larger than that wielded by the EU in countries, which are not undergoing the accession process, and are limited to other forms of engagement with the Union. In other words, if the mutual commitment is limited, so will be the effect of Europe on public administration in a given country.

Public accountability works – up to a point. The 4. fall of communism brought not just changes in the formal system of political power, but also allowed emergence of new actors in the public arena, namely independent media and civil society organisations. These actors frequently assume an outsized role in pointing out both individual abuses and systemic failures of public administration. The post-communist political experience ranges from a full-blown liberal democracy through illiberal democracy, soft authoritarianism to highly restrictive authoritarian regimes. With the exception of the latter, governments tend to react to some of the external pressure in the public arena. This external oversight can partially compensate for failures of public institutions in delivering good governance and accountability, but it cannot fully replace them.

- 5. Where elites tend to reproduce, picking the right people as the 1st generation is of paramount importance. Public accountability has its natural limits. While politicians can be fired or voted out of office if they misbehave or do not achieve certain levels of performance, this is much less true for other branches of public sector, which need to be insulated from immediate public and political pressure - judiciary, audit institutions, law enforcement or central bankers. On the contrary, elites in these areas tend to be long-lasting and have de jure or de facto say in who their successors are. Postcommunist experience shows that the quality of the first incumbents to be appointed following the change of regime or creation of an institution can create a measure of path-dependency - both positive and negative.
- 6. Public administration reform needs crosscutting enablers, but focused or individual institutional reform is where the action really is. Both the European Union and domestic politicians often tend to frame needed changes of public administration in large-scale and cross-cutting terms. Good examples of such "mammoth" undertakings are civil service reform, central government functional review or public expenditure framework reform. While cross-cutting enablers should not be underestimated, the most in-depth and enduring change has been achieved at the level of individual policies and institutions, while the large-scale reforms can easily end up as failures or pure political plays.



FYR Macedonia celebrates Internationals Anti-Corruption Day 2013. (Photo: UNDP)

7. Structural reforms work against corruption. Curbing corruption, an endemic problem of the communist and post-communist world, is frequently linked to the personality of leaders and their integrity. However, the communist experience demonstrated that when there are structural factors in favor of graft, personalities cannot stop it. By the same token, the post-communist experience shows that, even in absence of politicians-angels, structural reforms that decrease potential for corrupt acts or increase likelihood they will be uncovered can be measurably successful.

1 Introduction

Elected in May 2014, mayors of 19 Ukrainian towns with populations from 5,000 to 60,000 meet with Congress Members from Latvia, Slovenia and the Netherlands to discuss the impact of administrative reforms on local authorities in Ukraine and other European countries. (Photo: Congress of Local and Regional Authorities)

MAKING THE STATE WORK: LESSONS FROM 20 YEARS OF PUBLIC ADMINISTRATION REFORMS IN CENTRAL AND EASTERN EUROPE AND THE FORMER SOVIET UNION

Supporting public administration reform in developing countries has been a key strength of the UN for more than 50 years. From helping newly independent countries in Africa and Asia to build essential public institutions in the 1950s and 60s, to running transitional administrations in Kosovo¹ and East Timor.

UNDP believes that core public administration capacity and reform is essential for development and indeed statehood. This is particularly true for transitional contexts with their inherent element of fragility and their window of opportunity for making significant changes to the public administration. However, relatively few knowledge products have been developed on the role and purpose of public administration in transitions. This leaves a gap in situations like the current state of political and administrative transition in the Arab States, where recommendations, based on lessons learned from transition processes in other regions, hold the potential to be an effective tool. UNDP intends to bridge this gap through studies of similar transition processes from other regions, such as the Former Soviet Union (FSU) and Central and Eastern Europe. The aim is to support new political classes and civil servants in defining priorities for public service reform in transitions such as those unfolding in the Arab States or, recently, in Ukraine.

During times of revolutionary change, international attention tends to focus on the political and security aspects – on ensuring new elections, constitutions and security sector reforms. This is as true for the Arab Spring, as it is for the recent changes in Ukraine. However, if newly won freedoms are to be sustained, they need to be reflected and institutionalized in a range of reforms to public administration. As the experience in many countries demonstrates, however, reforming public administration and local government to reflect a new political dispensation poses considerable challenges: reform is slow and complex, it provokes considerable resistance from groups entrenched under previous dispensations who are nevertheless often essential for ongoing service delivery and it requires sustained political consensus and vision to see it through.

In other words, reforming public administration is an essential, but also complex and long-term process. We now have 25 years of experience with how the post-communist countries in Central and Eastern Europe grappled with this immense challenge. While a lot of research attention has been devoted to various aspects of this topic, there is a dearth of studies summarizing and synthesizing our knowledge.

Our objective is to summarise the existing literature on lessons from public administration reforms in the postcommunist space. We took a strong political economy perspective to ensure that the description of public administration and the analysis of the various approaches to and the results of reform are placed within their political and historical context. We have drawn lessons only where there is clear consensus in the literature; otherwise differences and debates are highlighted. The source material for our paper consisted primarily of peerreviewed articles, books or independent evaluations. We also prepared an extensive bibliography.

The paper's objective is not to deliver original research findings, but to bring together existing research for practitioners in an accessible manner. Even such an extensive document cannot do justice to the complexity of the postcommunist experience, due to limitations on length, but also because the research on the post-communist public administration changes has gaping holes in many areas. In order to fill some of those gaps, the authors include a preface with seven personal reflections that fuse the scholarly evidence presented in this literature review with the personal experience of the authors.

^{1.} Hereafter referred to in the context of UN Security Council Resolution 1244 (1999).

2 Key issues

In the local division of the

A street view of Armenia's Government Building in Yerevan. (Photo: Wikimedia Commons/Marcin Konsek)

MAKING THE STATE WORK: LESSONS FROM 20 YEARS OF PUBLIC ADMINISTRATION REFORMS IN CENTRAL AND EASTERN EUROPE AND THE FORMER SOVIET UNION

2.1 PUBLIC ADMINISTRATION REFORM STRATEGIES IN POST-COMMUNIST COUNTRIES

Annex to this paper summarises recent historical developments in Central and Eastern Europe and the former Soviet Union to give readers from outside the region a better understanding of where the post-communist developments originated and how the transition away from the communist regime took place. All of these developments naturally affected public administration in the post-communist countries. It is clear that a tendency to either move in a more "European" direction, or remain in the post-Soviet space dominated by Russia, manifested itself similarly across different domains – political, economic and social. Similarly, in the public administration reform, one can distinguish between at least three groups of countries:

- **European Union members.**² Even though research shows that the transformation of public administration is far from over, even in the new EU Member States, and there are significant differences within the group, becoming a member of the European administrative space required far-reaching structural and personnel changes in government. This is true not only in areas where there are explicit EU prescriptions for how administration should operate, but is also reflected in anti-corruption efforts or grappling with the communist past. In these countries, public administration operates in a relatively consolidated market and democratic environment.
- 2. The complete list includes: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

- **Countries in the 'European orbit'.** This group consists of those former Yugoslav republics that are not yet part of the EU3 as well as Albania and Georgia. These countries share with the first group a commitment to democracy, market economy and eventual EU membership. However, the speed of reforms and their depth and success have generally not been equal to the first group (though Georgia is an exception in some respects).
- The post-Soviet administrative space. Consisting of Armenia, Azerbaijan, Belarus and Central Asia, Moldova, Russia and Ukraine, this group is also internally heterogeneous, but the degree of continuity from the Soviet period is relatively high both in terms of formal and informal institutions of public administration. The public administration also operates in an unconsolidated democracy or in an autocracy. This has not prevented partial modernisation efforts, but there has been only limited overall impact. In several countries, 're-traditionalization', has even been observed.

The choice of a modernisation strategy is relevant for all three groups, but as already noted, more so for the first group and, to a limited extent, for the second one. Although the relationship between state bureaucracies and organisational performance has been discussed in both academic and applied organisational settings (for example, Evans and Rauch, 1999), there is no consensus on the "right" approach.

^{3.} Bosnia and Herzegovina, Kosovo, Macedonia and Serbia

Three different models of public administration (and their combination), developed in Western countries, have been available: the Weberian model, the New Public Management model and the Governance model. We first examine these 3 models and then briefly relate them to the post-communist experience.

The classical, traditional model of administration is based on Max Weber's ideal type of bureaucratic organisation. According to Weber, the modern state is based on rational-legal authority, which is supported by bureaucracy. This model of bureaucracy is built on: hierarchical structure, decision-making on the basis of written documents, a separation of professional and private life of the public servants, separation of politics and professional work, task specialisation, remuneration in the form of salary, career advancement and 'service for life' (Weber, 1958). The career system associated with bureaucracy means that public servants are generally employed at the beginning of their working career, deployed according to the needs of service and promoted individually on the basis of formal criteria and years of employment (Goran, 2009). The advantage of bureaucracy over other organisational types is its technical supremacy: compared to spoils or collegial forms of administration, bureaucracy is precise, fast, unambiguous, discreet and cheaper (see Blažević, 2002; Drechsler, 2005; Olsen, 2008). Evans and Rauch (1999), based on their study of 35 developing countries, showed that Weberian characteristics of public administration enhance the prospects of economic growth. They further state that merit selection is the key of these characteristics and that there is a correlation between merit selection and a low level of corruption (Evans and Rauch, 1999). According to Goran, this model insists on the difference between the private and public sectors, due to the public sector's

specific concerns for public interest, protection of public goods and equity, which require specific organisational structure and employment conditions for public servants (security, independence and competence) (Goran, 2009). Thus, positive aspects of Weberian bureaucracy are considered to be continuity, clear responsibilities, concern for public interest and professionalism (Olsen, 2008; Pollitt and Bouckaert, 2004, Peters, 2003).

As for the weak aspects of this model, several authors mention rigidity, inefficiency, difficulty with change, neglecting citizens and promoting career development based only on formal criteria. In this view, impartiality is either ineffective or is an ideal that is impossible to achieve (Du Gay, 2000). The bureaucratic mode of operation has been said to be too rigid for the active modern policy-oriented state, which requires flexibility and commitment by its officials. In this line of reasoning, the ideal of the impartial civil servants has been accused of being insensitive to the complexities and the special needs of different cases (Olsen, 2006). Another critique, according to Rothstein and Teorrell (2008), has come from the public choice approach: civil servants are driven more by self-interest to promote their own interests, rather than by ethics related to some public interest, such as impartiality (Dunleavy, 1991).

Since the 1980s, the ideas of **New Public Management** (NPM) have introduced private sector mechanisms into the public administration in some countries. The main objectives of NPM are to make public administration more efficient, more effective and more focused on the quality of services. Kjaer (2004) defines NPM as the application of the following principles to public sector: privatization, competition, agencification and decentralization. As for the civil service, the NPM promotes

the 'normalization' of working conditions and the abolition of the 'privileged' status of public servants, as well as an important focus on performance measurement (Goran, 2009). The 'open' or 'position' system of the civil service is associated with such practices: recruitment aims at finding the best candidate for the specific job, either from within or from outside the public service; employees enter and leave the public service frequently; and mobility is fostered; and there is a focus on performance and results (United Nations, 2005).

Alford and Hughes (2008) state that NPM is ill-suited to some circumstances while appropriate for others. According to Alford and Hughes, this is readily visible in its most full-blooded manifestation: the contracting out of services. The logic of outsourcing is to provide a set of incentives, controls and facilitators that induce the contractor to provide services that are cheaper and/or of greater value in quality, responsiveness, and so forth (Domberger, 1998; Hodge, 1998). Competition with other providers for the opportunity to profit provides the incentive, whereas specifying services in output terms both enables the purchaser to monitor performance and gives the contractor autonomy to determine how to produce the service (Donahue, 1989; Prager, 1994). But although contracting has enabled savings or service benefits in some areas of government activity, in others its results have been less satisfactory (Alford and Hughes, 2008).

For the transition countries, Drechsler (2005) warns that NPM is risky because it requires a well-functioning democratic administrative tradition. Deregulating the public service may not be viable before there is a set of values that will permit government to operate in an accountable and non-corrupt manner without the existence of formalized controls (Peters, 2001).

Definitions of **governance** include concepts such as policy networks and public accountability (United Nations, 2005). Governance thus highlights accountability, public interest, rule of law and participation in the policy process. In relation to the civil service, governance stresses the need for institutional capacity and accountability, putting the civil servant in the limelight, with the new skills, attitudes and responsibilities necessary for successful networking, decision-making and monitoring (Goran, 2009). The concept of governance links the study of public policy and public administration by concentrating on the horizontal activities of coordination and steering, where the state acquires the new role(s) of 'moderating' the interweaving interests and actors (Petak, 2008).

According to Dobre (2005) there has been considerable mutation of the concept of public administration, moving from its traditional centralized, neutral, and controlled expert application of laws, rules and regulations to promote the general interest, to public management, following the dictates of efficiency as practiced in the management of private enterprises, and recently to governance with an emphasis on the participation of the governed in the exercise of public authority. However, even within these mutations, there remains a core concept of public administration as an instrument of state action, which must be effective and clearly delineated in overall development and public service delivery (Dobre, 2005). This is in line with Peters (2001) who states that once a so-called 'Weberian' administrative system is institutionalized, then it may make sense to consider how best to

move from that system towards a more modern system of public administration. Whether its sharpness can be strengthened by adopting management practices similar to those of private enterprises or through strong partnerships with stakeholders, involvement of service users, participation of the governed, or a combination of all of these, the fact will remain that so far no country can coherently and prosperously survive and develop without an effective public administration (Dobre, 2005).

The concept of governance has not made significant inroads into the post-communist discourse and debate and reality of public administration reform has generally involved a mixture of Weberian and New Public Management approaches. These differ not only between countries of the region, but also fluctuate significantly within individual countries. We come back to this point in sections dealing with individual reform areas.

It is worth noting, though, that the mixture of approaches has given rise to a relatively new concept of the 'neo-Weberian' state - discussed in the Central and Eastern European context by Drechsler (2005) and Randma-Liiv (2008). This concept tries to combine the Weberian approach with NPM elements and looks for the balance between a minimal and a strong state, regulation and deregulation, flexibility and stability as well as marketization, democracy and technocracy, etc. (Randma-Liiv, 2008). The example is the concept of 'merit with flexibility', which is the post-post-NPM slogan (merit standing for 'Weberian' principles and flexibility for NPM principles). Drechsler (2005) states that it cannot be a mixture of the systems. Rather, it must consist of the integration of those NPM features that make sense and that do work in a 'Weberian' system (Drechsler, 2005).

2.2 CONTINUITY VERSUS DISCONTINUITY IN PUBLIC ADMINISTRATION

In this section, we examine what structural steps postcommunist countries took to remove loyalists of the previous regime from their public administration. As with other areas, the countries of Central and Eastern Europe and the former USSR represent a diverse set of experiences, ranging from no cleansing at all, to forceful attempts to make sure there was a decisive change of personnel. As we are going to see, however, no country achieved large-scale personnel changes, although some were successful in taking symbolic steps.

2.2.1 The communist legacy and potential instruments for dealing with the past in public administration

After the break-up of the Soviet bloc, the former communist countries had to find a new balance between new rulers and the former regime supporters. Several authors (e.g. Steen and Ruus, 2002) considered this process to be important for the type of democracy that would be established after the transition.

Policy discourse involving loyalists and collaborators usually focused on Communist Party members as well as persons working with or within secret service. The communist system operated through the Communist Party (and its members). Allegiance to the regime during the Soviet period had many forms and degrees through which individuals actively supported the regime, from ordinary party membership via holding mid-level positions in the government and party system, to inclusion in the party and government *nomenklatura* (Rivera, 2000). Some supported the regime for ideological reasons and some opportunistically.

The Soviet *nomenklatura* had its distinct institutional character. Steen and Ruus (2002) point out that the list of key state positions were compiled by the Central Committee of the Communist Party. One could not be appointed to these key positions without the agreement of leading party organs and the Communist Party membership was usually a precondition. Members of the *nomenklatura* were not rich, but they enjoyed special privileges and their living standards differed strikingly from those of ordinary people. They had access to special shops and hospitals, enjoyed better housing etc. (Steen and Ruus, 2002).

It was difficult to reach a senior position, even in the arts, medicine or humanities without party membership. Members were carefully selected through specific procedures and constituted the base from which the governing elites were recruited. They were seen as the more advanced and politically more conscious section of the population (Steen and Ruus, 2002). After the fall of the Berlin Wall, the calls for 'ritual purification' and transitional justice were strong (Cepl, 1997). Several measures were adopted in different countries:

- 1. Condemnation of communism,
- Lustration screening procedures against collaborators, party members or employees of state organisations (e.g. police, security agencies),
- Court trials criminal proceedings against members of the elites and authorities over the lower ranks of the state bureaucracy – and
- 4. Building special research institutions focussed on the communist-era.

In this section, we focus on lustration and, to a limited extent, on court trials because they involved or had the potential to involve specific public administration officials whereas the general condemnation of communism and research institutions were usually not aimed at removing specific individuals. However, we also include some information on these measures to present a comprehensive picture.

Allegiance to the regime during the Soviet period had many forms and degrees through which individuals actively supported the regime, from ordinary party membership via holding midlevel positions in the government and party system, to inclusion in the party and government *nomenklatura*. Some supported the regime for ideological reasons and some opportunistically. Lustration is often discussed as an aspect of 'transitional justice'. Offe (1996) makes a distinction between 'backward-looking justice' and 'forward-looking justification', where lustration is an example of forwardlooking justification. Lustration is not a punishment, but its logic is that high-ranking officials of the communist regimes, their attitudes and the networks of solidarity among them would constitute a threat to the orderly functioning of new democracies if they were allowed access to important political, administrative or professional positions. According to Horne (2009), lustration is therefore designed to improve the trustworthiness of public institutions through a combination of both symbolic and bureaucratic changes. From a bureaucratic perspective, lustrations are "administrative measure[s] aimed at minimizing the public influence of former officials or collaborators of the communist regimes" (Boed, 1999). Lustration laws, at their most basic, were transitional justice measures, to remove from office or prevent from taking office, those people who collaborated with the former secret police. Lustration can be narrowly defined as "special public employment laws [to] regulate the process of examining whether a person holding certain higher public positions worked or collaborated with the repressive apparatus of the communist regime" (David, 2003). This could mean screening of individuals to ascertain if there is a need for them to be removed based on their competencies, previous actions, memberships or positions. In practical terms, there is substantial debate regarding the definition of lustration, because it is often defined in terms of its constitutive elements: who is vetted, how they are vetted, the information used in the vetting, the duration of the vetting policies or the policy goals.

2.2.2 Strategies employed in individual countries to deal with the past

Different strategies to deal with the communist loyalists/ collaborators were adopted in the post-communist period and it is possible to distinguish three major groups of countries in relation to how thoroughly they performed 'transitional justice':

- 1. Former Soviet Union countries (with the exception of Baltic states) with almost no transitional justice
- 2. Baltic countries with political will, but limited access to archives and documentation
- 3. CEE countries with political will and access to archives and documentation

THE FORMER SOVIET UNION – ALMOST NO TRANSITIONAL JUSTICE

Stan (2009) shows that most of the former Soviet Union countries did not bring party leaders, public administration officials and secret agents to justice, allowing them instead to control post-communist politics. These countries generally:

- 1. Did not publicly open the collections of secret documents; and
- 2. Did not see it as necessary to ban former communist decision-makers from post-communist politics.

The lack of direct access to the totality of the secret files has hampered the identification of former KGB collaborators, a key process in marginalizing them politically. Also, the fact that many former NKVD and KGB agents have Russian citizenship has impeded the courts in non-Russian successor states from bringing these individuals to justice (Stan, 2009).

Russia, according to Stan (2009), found it impossible to embrace lustration, launch court trials against communist leaders and KGB agents and open secret archives. Although there have been some initiatives, lustration was never seriously discussed. After the former KGB officer Vladimir Putin became Russian President in 2000, the massive in-flux of former spies in the presidential administration, the government and regional administrations has increased governmental hostility toward coming to terms with the communist past. Russian sociologist, Olga Kryshtanovskaya, estimated that the siloviki4 make up 26% of Russia's senior political and economic elite. That figure jumps to 78%, if one includes the secret parttime informers. Russian citizens have been denied access to the secret files compiled on them by the former KGB (Stan, 2009).

Since 1991, selected individuals have accessed selected archival documents, but no transparent policy has been adopted to facilitate access to secret files for ordinary Russians. Almost all documents of the party's Central Committee remain classified. Russian courts have heard no cases of former Communist Party officials or secret NKVD or KGB agents involved in human rights abuses during the Soviet era, although Russia had probably the bitterest record of political persecution, given its prolonged communist rule (Stan, 2009).

Transitional justice has not been on the agenda in the other former Soviet republics, where no lustration proposals made it to the parliament. To date, Belarus, Armenia, Azerbaijan and Central Asia have had no serious discussion of lustration, access to secret files or court trials. (Stan, 2009). The same author also states that in Moldova, Ukraine and Georgia:

- Lustration proposals were introduced a decade after these republics gained independence, only to be rejected by reluctant parliaments.
- 2. Secret archives have remained closed to ordinary citizens.
- No Communist Party official or KGB agent has been brought to trial for involvement in Soviet-era human rights abuses. As in other parts of the Soviet Union, the record of such abuses is long and troublesome, but of no immediate concern for the society or the political elite.
- 4. Apart from occasional calls to ban the Communist Party, to remove communist symbols from the public space or to recognize historical events as acts of genocide or crimes against humanity, the past has seemingly been forgotten and no longer divides these societies.

As for the communist elite, it reproduced itself, asserting control over politics and economics, while the political police split into several intelligence services inheriting its personnel, methods and goals. Thus, the Soviet Union's "most important moment of coming to terms with the past occurred during the process of de-Stalinization

^{4.} *Siloviki* is a Russian word for politicians from the security or military services, often the officers of the former KGB, GRU, FSB, SVR the Federal Narcotics Control Service and military or other security services who came into power. It can also refer to security-service personnel from any country or nationality (http://en.wikipedia.org/wiki/Silovik).

[following 1956], rather than in the later process of de-communization" that followed 1991, because "this was a within-regime change rather than a regime transition" (Elster, 2004).

BALTIC STATES - TRANSITIONAL JUSTICE

The Baltic States (Latvia, Lithuania and Estonia) were incorporated into the Soviet Union through a 1940 invasion accompanied by extensive repression. They used several measures to pursue transitional justice, which was linked to the reassertion of national identity. In spite of the numerous hurdles they had to overcome, they succeeded (Stan, 2009):

Lustration. Since the Baltic countries had no access to the bulk of the secret records (they were in Moscow as part of KGB files), they had to identify collaborators by other means in order to understand the extent of the KGB's penetration of their societies. Soon after gaining independence, Estonia and Latvia asked collaborators to come forward and register themselves. Lithuania took longer to address the role of collaborators because there, the Communist Party transformed into a major political force. All Baltic republics introduced bans on former KGB agents and collaborators holding high public office, because the secret operatives had been directly responsible for the annexation of their territories by the USSR and were perceived to pose direct threats to the sovereignty of these states. Similar to Estonia and Lithuania, Latvia bans former KGB agents from local and national government, but lacks the political consensus to legislate the registration and self-identification of former collaborators. Latvia effected lustration primarily through its elections laws.

- Court trials. The Baltic republics brought to court several communist-era people, for example, related to deportations to Siberia in the 1940s.
- Building research institutions. An example is the Latvian Center for the Documentation of the Consequences of Totalitarianism, which keeps the 5,000 file cards that the KGB left behind. As the cards specify just the names of secret agents, additional data are needed to uncover the role of the informers and the reasons behind their collaboration. Cards do not include the names of the party apparatchiks, whose files were normally destroyed.

A large segment of the secret KGB archives of Estonia, Latvia and Lithuania were transferred to Moscow in 1991 and the Russian authorities did not return them to the Baltic States. The identification process was therefore purely voluntary, but e.g. in Estonia, as many as 1,153 former spies came forward. By 2004, the names of 250 former spies who concealed their past were published in the official journal (Stan, 2009).

Lithuania, where the Russians never constituted more than one-tenth of the total population, limited the role of former Soviet decision-makers only through lustration laws. They granted citizenship to every person, irrespective of ethnic background, wishing to accept it and residing permanently on the territory of Lithuania at the time of independence. By contrast, Latvia and Estonia adopted stringent citizenship laws,⁵ which excluded from public life large segments of the population, mainly ethnic minorities considered untrustworthy because of their involvement with the former occupying power. Lustration was

^{5.} These could be perceived also as an indirect form of lustration law.

not necessary for political advancement in either Estonia or Latvia because there "the reformed communist parties did not represent a serious challenge to anti-communist political forces" (Jaskovska and Moran, 2006).

In the political sphere, horizontal continuity (a situation when the old political elite takes over important positions in politics) was important at the beginning of transition and later was replaced by vertical continuity, where former sub-elites advance into new positions in politics, administration and economy (Steen and Ruus, 2002). The explanation is that these persons had experience with running politics. The middle-level communist 'softliners' and younger party members became the vanguard in top political decision-making and in other sectors of society. Thus, in post-communist countries there are a few examples of 'complete elite change'. Zhang (1994) observes that totalitarian systems did not allow alternative elites to develop and explain the absence of a substantial new elite, completely independent of the old regime and ready to seize the power.

OTHER CEE COUNTRIES

All of the countries in Central and Eastern Europe, excluding post-conflict Yugoslavia, had passed lustration measures by 2000. According to Solyom (2003), lustration was at its most drastic and consequential in Germany and, perhaps, in the Czech Republic. In most other countries, including Poland, Hungary, Bulgaria and Albania, the initial attempt was aimed at 'de-communisation', but for a number of reasons, the proceedings were narrowed to former secret service employees and collaborators.

Horne (2009) shows that the scope of positions targeted for lustration has changed over time. While early lustration programmes targeted top office holders, defined



In 2011, Estonia celebrated the restoration of its independence with '20.08.1991 – Twenty Years On,' attended by leaders of Nordic countries, Latvia, Lithuania, Poland and Russia. (Photo: Estonian Foreign Ministry)

somewhat differently across the region, the scope of positions has expanded under late lustration policies to include public and quasi-public positions or 'persons in positions of public trust'. This can include cultural directors, the clergy, private sector lawyers, teachers and bank tellers. As such, to define lustration in terms of who is targeted for vetting is to chase a moving target, since lustration laws have remained dynamic policies changing as the perceived needs of the transition have changed (Horne, 2009).

In the Czech Republic, lustration did not at first require the removal of personnel. People assumed that once secret police collaboration was revealed, officials would resign on their own accord. However, this was not the case and the law was changed to formally forbid blacklisted individuals to assume certain positions. The Czech Republic has had the most extensive lustration programme, but the numbers remained below expectations. In Poland, of the 23,598 lustration declarations⁶ from 1999-2004, 103 cases were brought before the Lustration Court (Horne, 2009). Of these 103 cases, only 20 verdicts were confirmed and led to dismissal. In Romania, approximately 20-30 security personnel were tried in court (Welsh, 1996).

Kieran et al. (2003) looked at the reasons why demands for lustrations in CEE countries were translated into legislation at different times and varied considerably in the range of offices affected and sanctions imposed. They offer explanation of this variation by focusing on post-communist political competition and found that the passage of the lustration bill depended on the ability of its most ardent advocates to persuade a heterogeneous plurality of legislators that the safeguarding of the democracy required it (Kieran et al., 2003).

OLD CADRES IN NEW PUBLIC ADMINISTRATIONS

Drechsler (2005) defines the question of carryover vs. legitimacy of old cadres in public office as a main conundrum in studying the transition in CEE civil service. One position is the strong illegitimacy of the old public administration. The other one is the claim that the continuity of bureaucrats, including the top *nomenklatura*, and of bureaucratic practices in CEE, is as strong as had been feared (Kotchegura, 1999) and it is also empirically verifiable (for Germany, see Catenhusen, 1999; Schikora, 2002).

Drechsler (2005) points out that it might be that much of the reform and delegitimization is mere rhetoric, and that the old cadres are continuing to function within the public administration. He further states that the matter is also highly country-specific: in Estonia, for example, only about a quarter of the current civil servants served during Soviet times and changes in personnel were especially marked in 1992–93, when 37% of public servants were replaced (Randma-Liiv and Jarvält, 2011), while in Hungary, pre-communist traditions actually were able to continue under Soviet dominance. And finally, within given countries, the question was institution-specific; not infrequently, some dismissed civil servants who did not pass lustration, some none at all (Drechsler, 2005).

2.2.3 Conclusions

- There is limited experience with large-scale personnel change after 1989-91, although with a difference between CEE countries and the Baltic States in contrast to other Soviet Union countries.
- 'Ritual purification' of the public sector, from persons who have collaborated with the regime could be partially conducted as shown by CEE countries. In those countries this happened for political positions, as well as for selected positions in public administration.
- 3. However this process requires access to secret service files and the political will to adopt the relevant acts and implement them.
- 4. Some authors argue that the process of dealing with the dictatorial past has an impact on building a stable, legitimate democracy (Stan, 2009). That is supported by Letki (2009) who argues that lustration contributes to the consolidation of democracy.

^{6.} The lustration declarations were declarations about collaboration, especially related to informants of the communist secret police (from the years 1944–90). If the lustrated person did not agree with the decision, he could bring the case to the Lustration Court.

Horne (2009), in addition, stresses that symbolic change is insufficient to change citizens' perceptions of the trustworthiness of public institutions. Without an actual vetting policy, real personnel changes will not necessarily happen (Horne, 2009).

- 5. Nonetheless, even if we look beyond the postcommunist experience also to the de-Nazification efforts in the aftermath of World War II, we see that a quantitatively large-scale cleansing of public administration personnel (communists, Nazis or collaborators) did not occur in either case.
- 6. Thus, we can only speculate how much difference was made by the limited 'ritual' purification that did occur in some countries. We know that countries that were more active on this front were also the same countries with the most successful transition in terms of political and economic development. However, such correlation does not prove causation.

2.3 PUBLIC ADMINISTRATION, POLICY AND POLITICS: DEMOCRATIZATION AND THE 'NEUTRALITY' OF PUBLIC ADMINISTRATION

In this section, we explore how the shift from communist to post-communist public administration took place with regard to politics. We argue that since public administration was extremely politicized in personnel terms, but had little responsibility for policy development, the subsequent democratization required both 'de-politicization' of public servants as people and their 'politicization' as instruments of policy-making.

2.3.1 Communist legacy related to policy and politics in public administration

During the communist period, the prevailing model of public administration subordinated state bureaucracy to the Communist Party. Political control (and not organisational efficiency) was the principal goal (O'Dwyer, 2002). The party bureaucracy thus merged with the state administration, the former having direct authority over the latter (Ionita and Freyberg-Inan, 2008) and personnel policy served as a central control mechanism of the Communist Party within each organisation.

Bureaucracy was highly centralized and characterized by top-down management. According to Witesman and Wise (2009), the public management imperative for public servants was the unquestioning execution of their superior's orders, no matter how corrupt, ill-conceived or unresponsive to citizens. Execution was the sole mandate (Witesman and Wise, 2009), and civil servants were excluded from the policy development process. The policy and arbitration function of the central state apparatus was therefore weakly developed. It primarily had an administrative character and focused on implementation. It did not possess essential features of political government (Goetz and Wollmann, 2001) such as being able to develop public policies.

Secrecy in decision-making and personnel policies prevailed; open competition in employee selection was virtually unknown and professional qualifications did not usually matter in promotion. Promotion was carried out based on a combination of loyalty to communist ideology and seniority (Rees et al., 2005), rather than demonstrating managerial skills and moral integrity (Ionita and Freyberg-Inan, 2008). The personnel selection system in The nature of the communist rule meant that, compared to a Webarian model, the state administration was 'under-politicized' in policy terms and 'over-politicized' in personnel terms. Reform, therefore, aimed at de-politicization of personnel matters as well as capacity-building for policy-making.

the civil service relied on political cadres and a partycontrolled *nomenklatura*. Even if in a number of states in the region attempts were made to professionalize administrations in the 1970s and 1980s, political loyalty generally continued to prevail over professional qualities when recruiting and promoting staff (Verheijen, 2002).

Soviet administration inverted many of the classic attributes of bureaucracy, such as professionalism, the primacy of formal rules and procedures, the separation of office and office holder, and autonomy from external lobbying (Silberman, 1993; Weber, 1946). Instead, this administration was often characterized by a lack of professionalism (in the sense that it did not value specialized training or competence) (Randma-Liiv, 2005a), arbitrary policy-making and implementation, personalism and politicization (personal policy emphasized political loyalty and reliability) as well as corruption (O'Dwyer, 2002).

To sum up, the nature of the communist rule meant that, compared to a Webarian model, the state administration was 'under-politicized' in policy terms and 'over-politicized' in personnel terms (Goetz and Wollmann, 2001). We can speculate that the resulting limited state capacity was a contributing factor in the overall economic failure of the centrally planned economies, but there is no literature to suggest that this was a key factor.

Reform, therefore, aimed at de-politicization of personnel matters as well as capacity-building for policy-making.

2.3.2 Personnel de-politicization efforts

Personnel de-politicization efforts were more significant in CEE countries outside the former Soviet Union⁷ and were part of wider civil service reform, which is more broadly discussed in section 5 below. In this part, we focus only on the de-politicization aspect of civil service reform.

^{7.} According to Bouckaert et al. (2011), outside the new EU member states, progress in the civil service area has been limited. In the absence of the effective conditionality of EU membership, the civil-service reforms of the former Soviet republics (except the Baltic states) have been driven by the international donors and domestic political forces. Despite some efforts to modernise the civil-service systems, the professionalism of the public administration remains rather low and with frequent incidents of administrative corruption (with these countries falling at the bottom of the 2008 Corruption Perception Index).

At the beginning of the 1990s, public servants in postcommunist Central and Eastern European countries (with the exception of Poland) were subject to general labour codes, and enjoyed no special status, or any particular social guarantees. In that period, the Central and Eastern European countries all passed public service laws granting public servants a special status and deliberately emphasising the distinction between public and private employees (Randma-Liiv and Jarvält, 2011). Key areas of personnel policy that affect the movement of people into, through and from the public service (recruitment and career management, training and development, performance management and rewards) were fundamentally challenged, and in most cases also reformed. This shift can be linked to two factors. First of all, as the rest of the economy was embarking on liberalization and privatization, there was an urgent need to define for public servants specific rules that were previously often applied to the whole economy (e.g. salary structures) or to structures that had not been perceived as necessary at all (e.g. ethics/ conflict of interest). The fact that such separate rules existed in the West also stimulated their development as a part of transition towards 'normal' conditions.

Governments of all Central and Eastern European countries have attempted to develop personnel policies in which decisions regarding an individual's selection and progress are guided by comparative merit or achievement, and in which the conditions and rewards of performance contribute to the competency and continuity of the public service (Goetz and Wollmann, 2001). Although this legislation was not fully implemented in all countries (World Bank, 2006b), the enactment created a basis for the development of merit principles in the public service. The neutrality and de-politicization efforts have focused on the establishment of a politically neutral civil service on one hand and on the other hand, the need for a top tier of administrators who combine professional competence and political craft (Goetz, 1997), and are capable of supporting executive politicians in their political and policy functions. With the legacy of a politicized personnel policy in the communist public administration, the real challenge has been to draw a line between neutral civil servants and political staff in public service. The EU, through the OECD/SIGMA, has tried to define that line and developed the so-called 'European principles of administration' to push for de-politicization of the public service in the candidate countries. According to Meyer-Sahling (2009), these were:

- Civil service reform programmes, in particular the inclusion of the civil service in general programmes for the reform of the public administration, indicating government commitment to civil service reform;
- Legal basis for the civil service, in particular the adoption and full implementation of a civil service law in order to promote the principles of legal certainty, legal accountability and legal predictability of the civil service;
- Central structures for the management, coordination and control of civil service policy across government institutions in order to ensure the coherence of the civil service;
- **4. System of open competition** to ensure the openness of the civil service and the effectiveness and fairness of the recruitment process;

- System of standardised examinations and candidate selection in order to entrench the principles of merit recruitment, fairness and political neutrality;
- 6. System for managing the senior civil service, primarily with a view to promoting professionalism and ensuring the de-politicisation of the civil service;
- **7.** System for the protection of employment in the civil service, in particular with regard to increasing the stability and political neutrality of the civil service;
- 8. System for training civil servants, in particular with regard to the development of competence within the civil service;
- **9.** System for the evaluation of civil servants in order to promote the effectiveness of the civil service and to set incentives for civil servants' performance;
- **10. System for the remuneration and general reward of civil servants**, with a particular view to motivating civil servants and setting incentives for civil servants while at the same time ensuring transparency and the fair and equal treatment of civil servants; and
- 11. System of rights and obligations including the restriction of political and economic/ professional rights of civil servants, application of codes of ethics, systems of wealth declaration and system of internal discipline in order to promote the development of transparency and civil service impartiality.

Civil service laws have been adopted in most of these countries defining, inter alia, the positions of public service, including civil servants, and recruitment processes. Thus, the European Commission was successful in pushing through major formal institutional instruments, but it was much less successful in influencing the actual content of change and the implementation of new legislation (Beblavý, 2002b; Meyer-Sahling, 2009). This finding allows for five lessons related to de-politicization efforts in transition countries:

- 1. The adoption of the laws on civil service does not guarantee real change in politico-administrative relations. Verheijen (2003) stresses that civil service laws seldom have had the impact they were expected to have - to be catalysts for the stabilization, de-politicization, and professionalization of the central administration. In many cases, they were reconsidered even before the implementation process was completed or were not fully implemented at all (see Verheijen, 2003). Meyer-Sahling (2009) demonstrates that there have been significant differences in de facto application even within the group of Central and Eastern European states that have implemented the most sweeping de jure reforms. For example, in a detailed qualitative study of Slovak civil service, Beblavý and Sičáková-Beblavá (2012) show that the impact of civil service legislation on actual practice has been very limited.
- 2. It is important to define realistic benchmarks and draw realistic lines between political staff and neutral bureaucracy in the public administration as both groups may provide valuable policy inputs for decision-making. When moving from the existing equilibrium/status quo, it should be noted that there is not one politico-administrative model in policy-making in older, more established democracies of Western Europe and North America. Based on empirical findings, many scholars agree that a

hybrid model where bureaucrats and politicians have policy-making roles and politicians need teams with a combination of neutral competence as well as responsive competence prevail (Aberbach and Rockman, 1994; Peters and Pierre, 2004),

3. It is therefore important to distinguish between functional politicization (recruitment of technocratic/professional staff done directly by politicians) and patronage (employment based primarily on party affiliation). The former points to the fact that public management is not a value-free exercise and that politicians need policy and management capacity. Functional politicization can be seen also in many older democracies (Peters and Pierre, 2004) in which, for example, political advisors of different status operate outside of regulations that apply to career civil servants. From that perspective, insistence on a completely neutral bureaucracy is not appropriate; governments will invariably try to keep some political staff. In other words, if the formal, legal lines are very conservative, governments may try to bypass or abolish the law. In addition to functional politicization, the former communist countries also face patronage politicization. This type of politicization is deeply rooted in society. Only a few countries, e.g. Estonia or Lithuania, have been successful in tackling this type of politicization through civil service professionalization⁸

(Meyer-Sahling, 2009; Rees, Järvalt and Metcalfe, 2005). Therefore, one should pay attention to the need to have several types of positions in the public service and related recruitment processes.

4. As mentioned above, civil service law by itself does not guarantee de-politicization in public administration, but research shows there are clear signs of professionalization in some of the key policy areas, including budgetary and fiscal policies (Bönker, 2001) and the management of EU affairs (Nunberg, 2000). Similar results are indicated by Beblavý (2009). Goetz (2001) calls them "islands of excellence" and cautions that it is by no means certain that they serve as the trendsetters for the central administration as a whole.

2.3.3 Building policy capacity at state administration level

The bureaucracy in the former Soviet bloc, as already mentioned, did not act as the main policy-maker. The policy capacity was primarily developed within the Communist Party and the role of public administration was to implement it. Thus, after 1990, the former communist countries were in a curious position of having too much and too little bureaucracy at the same time (King, 2002). As the structures are formally easy to replace, but not the people, the need to strengthen central policymaking capabilities has featured prominently in Central and Eastern European administrative reform programmes supported by the EU in the accession process.

To this end, three main strategies were available: changing the personnel, changing their incentives, and/or training existing administrative capacity (Beblavý, 2002b). When

^{8.} The Lithuanian civil service concentrates on issues of administrative capacity-building through training, simplification of civil service management procedures, inter-institutional cooperation in the area of human resources, enhanced monitoring of civil service management and improvement of the image of the civil service in society. Lithuania therefore presents the most comprehensive and coherent approach to civil service reform among the new EU member states (Meyer-Sahling, 2009).

looking for new personnel, the countries faced a rapidly developing private sector that created many new jobs that required new qualifications and provided interesting opportunities for professional growth. Some authors

Dalia Grybauskaité, President of Lithuania, signs the 'Call to Action: The Future Women Want' during the 2012 UN Conference on Sustainable Development in Rio de Janeiro, Brazil. (Photo: UN Women/Fabricio Barreto)



have shown that in a time of increasing career opportunities, the public sector was losing out to the private sector, which was preferred by labour market 'winners' on account of higher salaries and better growth prospects (Jasaitis, 1999; Randma-Liiv, 2001). This, in turn, became an obstacle in designing and implementing public personnel reforms (Beblavý, 2002b; World Bank, 2006b). Despite this limitation, a large number of new personnel were recruited at the central state administrative level.

As for training and building internal capacity, some countries have built training systems and they have been able to safeguard post-accession sustainability in the area of training and development. We come back to this issue in section 2.5 on human resource management.

The experience of Latvia and Lithuania stands out as a positive example for developing policy capacity. Reforms in the policy management systems were driven in these two countries primarily by the establishment of strategic planning processes, combined in both cases with a deep institutional reform of the State Chancellery (centre of government).

These initial reforms were further elaborated on in a second phase into institutional performance management frameworks. On the basis of different forms of evidence, including fiscal performance, output and throughput measurement, etc., both states have gained significantly in terms of the effectiveness of the policy process. It is important to emphasize the pivotal role of reformed and strengthened centre of government institutions (such as state chancelleries). These institutions, together with European integration management structures, and in the case of Lithuania, the Ministry of Finance succeeded in rolling out innovative policy management practices in the whole of the administration (ibid.).

The coordination processes and overall coordination practices in the policy process of Central and Eastern European countries follow the pattern of the EU-15, with Latvia, Lithuania and Hungary following the pattern of advanced states such as the United Kingdom, Denmark and Finland, while Poland, the Czech Republic, the Slovak Republic and Estonia would rank in the less advanced group of states, which would also include Italy and Greece (Verheijen, 2006).

2.3.4 Conclusions

- The end of the communist regime brought a need for civil servants to become both more and less political. 'Politicization' concerned policy development where, previously, even senior civil servants were largely responsible only for implementation of policies developed by organs of the Communist Party. De-politicization concerned a shift from political and clientelistic decisions about recruitment and promotion to a more neutral, merit-based system.
- Attempts to institute a firm barrier between politics and administration in personnel matters have been strong in many countries, due to EU pressures, but frequently unsuccessful. Many countries passed new civil service legislation, but the level of civil service politicization continues to be relatively high.
- 3. In building policy capacity in ministries, the region has experienced partial successes of specific ministries or other elements of public administration demonstrating measurable improvement, but a system-wide improvement proved to be elusive, with only a small number of success cases. These relied on a strong centre of government that pushed for and coordinated the reforms.

2.4 DECENTRALIZATION

This section examines the experience of the post-communist countries with one of the most sweeping types of public administration reform – decentralization. As we demonstrate, there have been highly divergent results in this area, with no decentralization in some of the most authoritarian post-communist states and an extensive level of decentralization in some, though not all, new EU Member States.

2.4.1 Decentralization theory in brief

We start with a brief summary of decentralization theory. The standard definition of decentralization includes three core dimensions – fiscal, administrative and political (Schneider, 2003) and is related to the formation of local and/or regional tiers of self-government. Local governments refer to specific institutions or entities created by a constitution or legislation to deliver a range of specific services to relatively small, geographically delineated areas (Shah and Shah, 2006). Regional governments are of a larger size.

Several theories provide a strong rationale for decentralized decision-making and a strong role for local governments on the grounds of efficiency, accountability, autonomy and manageability. According to Stigler (1957), the closer a representative government is to the people, the better it works; decision-making therefore should occur at the lowest level of government for reaching allocative efficiency. The size of the jurisdiction, however, is not given by a simple formula and it is based on the decentralization theorem advanced by Oates (1972) stipulating that "each public service should be provided by the jurisdiction having control over the minimum geographical area that would internalize benefits and costs of such provision". Thus the size of jurisdiction is a trade-off between heterogeneous preferences, inter-jurisdictional spillovers (externalities) and economies of scale.

Opponents of decentralization stress that decentralization does not necessarily mean growth-enhancing policies and can just create additional possibilities for rentseeking and operation of informal networks (Ben-Porath, 1980). Peters (2001) points out that the advice to move into the decentralized administrative reform model could be particularly risky in transitional countries because implementing such a decentralized system assumes a capacity to effectively monitor and assess the performance of the decentralized bodies created (Peters, 2001).

2.4.2 The extent of decentralisation in the former communist countries

Many countries in the former Soviet bloc conducted decentralization and formed local and regional self-governments. Emily Cintora (2009) clustered⁹ the former communist countries according to the level of decentralization based on UNDP's decentralization indicators. Cintora came up with the following groupings:

 Active decentralizers, especially EU member states such as Slovakia, Czech Republic, Latvia, Slovenia or Poland;

- Advanced intermediate decentralizers e.g. Albania, Croatia or Georgia;
- 3. Early intermediate decentralizers Russia, Ukraine or Moldova; and
- 4. Non-decentralizers Belarus, Turkmenistan or Uzbekistan.

Bouckaert et al. (2011) also show that decentralization reform in CEE countries and the former Soviet Union did not take place as one uniform process, and they define two big subgroups:

- 1. Countries in Central and Eastern Europe, including the Baltic States and
- 2. Countries of the former Soviet Union, except for the Baltic States.

In the first group, the reform started in the early 1990s and focused on replacing old 'socialist' structures with new democratic ones. The experience with the overformalization of the communist system made decentralization attempts very attractive to Central and Eastern European citizens. According to Randma-Liiv (2008), a high degree of decentralization can be explained by the 'protest' against the heritage of a centralized communist administration as well as by high levels of uncertainty and complexity of the period of immediate transition. Regional¹⁰ as well as local self-governments¹¹ have been

^{9.} There is no simple one-dimensional, quantifiable index of the degree of decentralization in a given country. Outcomes vary not only because decentralization can appear in various forms and combinations across countries but also because different instruments may have very different effects in different circumstances (Sharma, 2006).

^{10.} To a certain extent, the EU had an impact on the creation and size of the regional governments in Central and Eastern European countries, especially with its push to set up regions that are sufficiently large for generating endogenous development and comparable across Europe in order to qualify for European Structural Funds (Brusis, 2003).

^{11.} Territorial structure is diverse from country to country. Most have a two-tiered local government system, with some exceptions concerning the capital or large cities (for example, Bulgaria, Croatia and Moldova). Some smaller countries have only one level of local government (for example, Macedonia) (Kandeva, 2001).

formed in many of those countries. However, even within this group, the scale and reality differ significantly. The most radical changes of decentralization can be found in Slovakia and Estonia (Bouckaert et al., 2011).

Important changes of formal decentralization are connected with the creation of regional and local self-governments and the transfer of competencies and resources to those levels. However, in some cases, the size of the local selfgovernment is questionable from the point of view of economy of scale and efficiency. The size of local jurisdictions in Central and Eastern European countries vary, with Slovakia and the Czech Republic being highly fragmented as shown by Swianiewicz (2003). In countries with high territorial fragmentations, local governments resist consolidation efforts and the overall administrative costs of public governance might be higher.

The opposite experience to that of the Central and Eastern European countries can be found in most of the former Soviet Union. From the point of view of formal decentralization, all countries of the region except for Russia are unitary and have a multi-level administrative system inherited from the Soviet-era; the structure of subordination is hierarchical and the lower-level jurisdictions often have a dual subordination to regional/local governors as well as to central agencies (Libman, 2008). In many cases, decentralization and fiscal decentralization occurred mainly de jure, and not de facto (Bouckaert et al., 2011). De jure decentralization allowed different forms of administration, but not political decentralization, establishing a clear hierarchy between the central and the regional authority (with the only exception of Russia as a formally federal country, as well as Ukraine, Moldova and Georgia with autonomous territories) (Libman, 2008). Even Russia established in 1994 a highly centralized structure of fiscal federalism with

relatively limited authority of the regions; in fact, the differences between de jure federal Russia and de jure unitary Ukraine, Belarus or Kazakhstan are smaller than one would expect (Dabla-Norris, 2000; Lavrov, 2004). Libman also states that de facto decentralization substantially differs from de jure decentralization.

Most post-Soviet countries experienced increasing decentralization when the regional semi-autocracies managed to gain power. This was, in some cases (Russia and Belarus), followed by re-centralization during the 2000s (Cintora, 2009). Some of the Central Asian countries that are formally highly centralized¹² experienced a period of significant de facto decentralization in the 1990s, followed by the re-centralization in the 2000s (Schakel, 2010).

To sum up, one can draw the following main lessons coming from the analyses of the decentralization process in the former communist countries:

- 1. Decentralization is not a uniform process, even in the countries with similar political and economic development.
- Decentralization may de facto change political power constellations in a country and therefore strengthen democracy-building.
- 3. The size of self-government is not predetermined, but once power is allocated to local governments it is hard to conduct municipalization from below.

^{12.} A typical feature of semi-authoritarian regimes is institutional 'pseudomorphism': institutions are likely to have a completely different function than officially declared. In this case governments are able to guarantee their power even without resorting to coercion. The example of the Mahalla Initiative in Uzbekistan demonstrates that it may hold true for institutions of decentralization, which in fact can become a "hidden channel" of expansion of state influence (Schakel, 2010).

2.4.3 Impact of decentralisation

In this subsection, we focus on the impact of decentralization on economic and social outcomes. We generally look at CEE countries, since the level and sustainability of decentralization in post-Soviet countries has been too weak to present much evidence.¹³

ECONOMIC IMPACT – REDUCTION OF POVERTY AND REGIONAL DISPARITIES

Democracy and decentralization are often presented as necessary conditions for effective rural development. Many proponents of decentralization assume a connection between the transfer of power to regional tiers of government and economic development based on more efficient, better targeted public policies and a reduction of disparities. For rural areas, arguments for democratic decentralization are often associated with improvements in public accountability, environmental sustainability and the empowerment of poor and vulnerable groups (Johnson, 2001).

However, the relationship between decentralization and poverty reduction is not entirely clear. The literature shows weak correlation between democratic decentralization and poverty reduction¹⁴ (e.g. Crook and Sverrisson, 2001). That may be caused by several factors (see e.g. Rodriguez-Pose and Gill, 2003 and Johnson, 2001), including the improper allocation of responsibilities that limits the chances for economies of scales and increases transaction costs. Too small government units suffer from the lack of competencies and financial resources (Bouckaert et al., 2011). Bouckaert et al. (2011) therefore recommend that "the administrative capacity of subnational governments and the administrative and compliance costs of decentralisation must be taken into account when assigning expenditure among levels of government" (Allen and Tommasi, 2001).

DECENTRALIZATION AND MINORITIES – DECENTRALISATION AS A CONFLICT MITIGATION PROJECT

According to Braathen and Hellevik (2006), decentralization of power may represent a valuable and effective concession to minority groups and thus be a strategy for making peace. Sisk (2003) stresses that the appropriate solution depends on "the level of enmity between the contending groups, the trajectory of war, and whether or not in negotiations they can accept any degree of uncertainty or vulnerability to political loss". Braathen and Hellevik (2006) point out that territorial reorganisation reflects a dynamic combination of the balance of forces, pre-existing institutional set-ups and preferences of the actors in each case. One needs to understand the contextual dynamics.

^{13.} According to Libman (2008), in the former Soviet countries there is no evidence that even limited decentralization and devolution of power to local municipal self-governing institutions improved the functioning of public administration in post-Soviet countries. It is possible to distinguish four factors influencing this phenomenon: the informal nature of political property rights, interventions into economic autonomy of individuals and business, the expansion of public authority through decentralization and decentralization in the absence of intraregional infrastructure. He suggests that de jure devolution represents only the top of the iceberg: an even more important feature is the development of informal relations between government and regional elites (Libman, 2008).

^{14.} There is no evidence in the academic literature proving that decentralization in post-communist countries had an impact on either economic development or poverty reduction.

Many of the former communist countries are not ethnically homogenous. However, not all of them organised decentralization primarily on the basis of ethnic groupings. The ethnic agenda has been an important decentralization principle in countries with post-conflict situations.

Monteux (2006) states that decentralization mechanisms also give rise to a number of criticisms that are concerned with some practical implications of its implementation. First, the establishment of decentralization mechanisms on an ethnic basis is often believed to reinforce and legitimize ethnic divisions instead of limiting conflicting antagonisms between groups (Lipset, 1983; Smith, 2000). Second, the territorial implementation of decentralization may be difficult to apply in situations where ethnic groups are not homogeneously distributed. The new territorial division will inevitably create new numerical minorities, which in turn will generate dissatisfaction towards the new political settlement (Lijphart, 1977). Thirdly, the extensive devolution of political power is often viewed suspiciously by state-minded critics who are concerned with its implication for issues of state sovereignty. The devolution of too many state prerogatives to homogeneous territories could increase demands for secession (Nordlinger, 1972).

Many of the former communist countries are not ethnically homogenous. However, not all of them organised decentralization primarily on the basis of ethnic groupings. The ethnic agenda has been an important decentralization principle in countries with post-conflict situations,¹⁵ e.g. Kosovo, Bosnia and Herzegovina, Macedonia and Georgia. What are the lessons from those countries so far?

The credibility of a decentralization project is important. Kirn and Khokrishvili (2009) state that one important reason for the break-up of Georgia was the fact that the country was extremely diverse and there was the expectation of unilateral re-centralization by the dominant group.

Another lesson is the importance of building and maintaining central authority. Jackson (2004) stresses that decentralization is part of a strong state, not a replacement for it. In case of state weakness, the granting of significant autonomy to regions can be dangerous. Above all, the example of Georgia shows that a fissile state can be made

^{15.} Other post-communist countries did not implement asymmetrical decentralization. Asymmetrical federalism rests on the principle that some units within a state can gain additional autonomy from the central government, in relation to the other units or, in some cases, to the rest of the state, as has occurred, e.g. in Italy, Spain (Monteux, 2006). The issue of asymmetrical federalism arose in nationally diverse states where national minority communities have sought self-determination (Hannum, 1996; Laipoth, 1997; Watts, 1999).

increasingly brittle with strong regions and a weak centre. Initiating decentralization to defuse persistent tensions before a legitimate central authority has been established may threaten the longer-term stability of the fledgling nation (Jackson, 2004). The other example is Kosovo, where no central government institutions existed when decentralization began and central authorities lacked power and capacity. The Kosovo experience shows that strengthening local government authorities may exacerbate, rather than ease, conflict where the geographically adjacent and concentrated minorities can access resources from a neighbouring state (Gjoni et al., 2010).

The literature is divided on whether political decentralization can ease ethnic conflict and some cases show that political stability is not necessarily guaranteed even with asymmetric autonomy, which is the lesson from several countries of the former communist region. The literature shows that it is far from clear whether decentralization in response to regional tensions would increase political instability or stability. Asymmetrical federalism might resolve conflicts within a state, but state nationalists or integrationists fear that it facilitates secession and that it could promote irredentism when minority regions unite with their 'kin-state' across national borders. In addition, asymmetrical federalism persists because of the 'domino' effect, i.e. other regions demand the same degree of autonomy (Kirn and Khokrishvili, 2009). The structural deficiencies of the Dayton Agreement in Bosnia and Herzegovina have permitted nationalists to continue to implement their ethnic agendas and have accounted for the slow progress towards the implementation of the Bosnian peace process (Tzifakis, 2007). Gjoni et al. (2010), based on the experience of Kosovo, argue that neither decentralization nor power-sharing alone has proved to be sufficient for the success of this scheme.

2.4.4 Conclusions

- 1. Decentralization is not a uniform or pre-determined process, even in countries with similar political and economic development.
- Decentralization and its sustainability are conditional on successful democratization. Since decentralization changes power relations in a country and provides for alternative loci of power, autocratic countries do not implement genuine decentralization and, in cases when democracy is rolled back (e.g. Russia), decentralization tends to be rolled back too.
- There is no clear evidence that decentralization has an impact on regional/local economic development. Rather, it appears that how decentralization is done is more important than the fact of the decentralization itself.
- 4. Decentralization can be used as a conflict mitigation project in countries with an ethnically mixed population, particularly if the different ethnic populations are spatially distributed in a way that allows for clear division of regions/municipalities. However, the results are not unambiguously positive.

2.5 ORGANISATIONAL REFORMS OF PUBLIC ADMINISTRATION

This section summarizes how the post-communist countries reorganised their public administrations. Since public administration reorganisation is a favourite instrument of governments all over the world, even a brief description of changes in the region during the last two decades would fill a thick volume without providing much
value-added for the reader. Our approach is different. We divide changes into three major conceptual groups and then provide a short explanation for each of them.

2.5.1 Communist legacy

Prior to 1989, the public sector was large in size and based on collective ownership of all means of production and a repressive and intrusive political system. Since there was no, or only limited official private economic or social activity, the public sector was all-encompassing. The officially tightly knit hierarchy contained thousands of organisations with legal autonomy and millions of individuals (Beblavý, 2002). The administration in the communist period was designed according to an economic branch model. This created a system with a large number of ministries, each responsible for a specific sector of the economy. The orientation of ministries was thus vertical and focused on control and enforcement rather than on policy development (Verheijen, 2002).

Soviet-era doctrinal analysis of the 'scientific administration of society' described the Soviet administrative system as one of sleek, elegant, top-down efficiency (Perlman and Gleason, 2005). In reality, according to Perlman and Gleason (2005), the situation was very different and the rationale for Mikhail Gorbachev's program of *perestroika* (restructuring) was to address what the central leadership saw as prevalent and institutionalised poor administration. As several authors, including Mlčoch (2000), argue, the hierarchy was largely an illusion.

2.5.2 Approaches to public sector structural reforms

At the beginning of the transition period, there was the need to move from a centrally planned economy to a market economy and to rebuild the legitimacy and accountability of the government institutions. The changes were not driven only by internal needs; in many CEE countries they resulted from the European integration process and the externally defined need for radically new working methods and capacities in administrations (Bouckaert et al., 2011).

These efforts are in line with the Pollitt and Bouckaert (2004) definition of administrative reform as "deliberate changes to the structures and processes of public sector organisations with the objective of getting them (in some sense) to run better". Although public sector reforms were based on different rationales, goals and policy instruments, it is possible to define some common types of structural/organisational reforms that have been conducted in many of the post-communist countries:

- Decreasing the size of the public sector by abolishing organisations/activities or shifting them to the private sector,
- Structural reforms within overall public sector and
- Building public administration within the newly defined public sector.

The first imperative of the transition was **to decrease the size of the public sector** by abolishing organisations/activities or shifting them to the private sector. This was uncontested originally, as the communist state was generally considered to be excessively large. The most important shift was the change in the ownership pattern from state to private hands (privatization). Another option that was used was the transformation of the state ownership into a non-governmental organisation. According to Bouckaert et al. (2011), all CEE countries examined expressed (more or less 'loudly' and concretely) the will to decrease the overall size of the civil/public-service/public-sector, with Estonia and Slovakia among the most radical (Bouckaert et al., 2011).

Downsizing the overall public sector is also connected with the trend set by the new public management (NPM) – contracting and outsourcing¹⁶ and the creation of a 'public-private-civil' sector mix. In many of the postcommunist countries, quasi-markets were created in order to simulate market behaviour. The scale of such processes differs, with Estonia being the most radical case.

Critiques of this approach point out to the trade-offs between efficiency and transparency gains and stress that the key democratic requirement of 'publicness' is one of the first victims of any form of NPM (Haque, 2001). According to Drechsler (2005), this is nowhere more problematic than in countries where the main order of the day is the establishment of a democratic state. Empirical studies show that NPM leads to "a general erosion of commitment in the public service" (Samier, 2001; Peters and Savoie, 1994)¹⁷ though there is no data for the postcommunist states and, given the already prevailing low levels of trust, it is not clear whether this is applicable.

If we shift from public services understood more widely (health, education, etc.) to core public administration, the reform efforts to change the latter assumed several forms and were conducted in several stages. At the beginning of the transition, the neo-liberal paradigm of the Washington consensus offered a road map for public administration reform and the measures that were used focused on reducing the role and size of the state. From the mid-1990s onwards, reform by law was increasingly combined with reform by across-the-board cuts in structures and staff (with the exception of e.g. Poland, Latvia and Bulgaria) (Verheijen, 2002). Starting with Hungary in 1995, a number of states as diverse as Bulgaria, Slovakia Kazakhstan and Kyrgyzstan ordered acrossthe-board reductions in staff numbers (Verheijen, 2002).

However, new and more sophisticated approaches (especially functional reviews) were later adopted. Since this progression was typical, it can be inferred that it was part of the transitional learning, though there is no literature on the topic. These approaches were characterized by (Verheijen, 2002):

- A move from partial approaches to reform to holistic approaches;
- A move from across-the-board approaches in staff and structure reduction to a mixture of seeking efficiency gains while investing in building capacities where they are lacking; and

^{16.} A distinction is made between the provision of public services and their production. Provision is the fundamental question of whether or not government will cause a service, or good, to be offered. It is a policy question to be decided. Osborne and Gaebler (1993) argued in their book Reinventing Government that government often a better job of governance, or steering (making policy decisions) than of delivering services, or rowing. They included in the 'steeringrowing' distinction governmental decision-making on contracting out services and a governmental role in serving as a catalyst for private and non-profit initiatives such as renewal of downtown areas or building sports facilities.

^{17.} For more on NPM, see section 2.1.

Seeking a balance between a focus on internal reform and technical efficiency on the one hand and changing the relations between public administration and society in terms of strengthening the client orientation of public administration on the other.

In many of the former communist countries, functional reviews helped to eliminate redundant functions and to reduce duplication between and within institutions. They also helped to add missing functions and to rationalise the distribution functions (Verheijen, 2002).

Verheijen (2000) states, however, that the question was not only, or even primarily, one of downsizing, but rather one of building, instead of reforming, a functioning public administration system, which is invariably costly (Verheijen, 2000). This issue is discussed further in section 2.6.

Many reforms within the public sector involved a change of status.

One of the alternatives is agencification which concerns only changes of organisation, while remaining within the wider public sector of central government. According to Beblavý (2002b), agencification is shorthand for the process of delegation and devolution, in which more autonomy, particularly in personnel and financial issues, is granted to public bodies, which either remain legally part of the state or acquire their own legal personalities.

Galina Kulikova served as a Member of Parliament in Kyrgyzstan from 2007 to 2010, initiating a gender analysis of policy documents and incorporating principles of parity democracy into the My Country party Charter. (Photo: UNDP Kyrgyzstan)



It can also mean creating or moving functions to bodies that are subsidiary or separate from ministries/departments (Gill, 2002). Agencification in transition countries usually meant the creation of new autonomous bodies for new functions or a significant increase in the autonomy of existing legally separate bodies either on an individual or a collective basis.

The two most common 'good governance' reasons given by governments of OECD countries for setting up agencies are to improve the performance of the public sector or to make public decision-making more credible by separating it from direct political intervention. Governments therefore give their agencies respectively relative **management autonomy** (the freedom to allocate resources to achieve given policy objectives) or **policy autonomy** to interpret or decide policy in specific cases.

Even though the situation differed from country to country, agencification was a dominant form of change in the central government-agency relationship in the following areas (Beblavý, 2002b):

- Corporatization of government businesses

 (i.e. of activities that are consensually
 perceived as for-profit) which are to remain as
 government-controlled for various reasons,
- 2. Higher education institutions,
- 3. Research institutions,
- 4. Artistic and cultural institutions,
- 5. Publicly controlled media,
- Earmarked funds from pensions to agriculture – and
- 7. Regulators.

Beblavý (2002b) explains that in most of them, agencification involved more independence in management, quite often independence in personnel issues and in certain cases, even creation of an independent source of financing. Even though there are exceptions, agencification generally took place in organisations where the principal customers were not governments or their entities, but rather individuals and corporations.

2.5.3 Conclusions/recommendations

Several conclusions can be drawn to sum up the structural reforms in the post-communist countries:

- 1. There have been several types of structural reforms conducted in the post-communist countries from privatization, decentralization, agencification to downsizing of the state administration. The choice of an alternative has profound political implications as it influences the distribution of power among national politicians and managers (autonomous agency), local politicians (decentralization), shareholders (privatization), activists and elites.
- Downsizing has been achieved by several methods. Starting with 'big bang' changes in organisation through across-the-board cuts to functional reviews that helped to eliminate redundant functions, to reduce duplication, between and within institutions, rather than adding missing functions and rationalising the distribution functions (Verheijen, 2002).
- 3. Autonomy for an agency is meaningful if a clear formal or informal contract between politicians as repositors of a public mandate and an agency can be written. Such a contract needs to be internally consistent and robust. Agencification in many

transition countries was usually NOT driven by a need to grant some elements of the public sector a clear mission and autonomy to achieve it, but by piecemeal sectoral efforts to increase professionalism in parts of the public sector. Under such circumstances, it is worth considering whether the energy involved in sectoral agencification efforts would bring more benefit if spent on an overall reform of the institutional framework for the public sector and particularly on civil service reform. This is ultimately a political and a managerial choice based on an assessment of what approach can bring better results in a given environment.

2.6 HUMAN RESOURCES AND PERSONNEL REFORMS IN PUBLIC ADMINISTRATION

In this section, we follow up on section 2.4 and focus on the issue of human resources in public administration. Changing the people who staff public administration – whether by bringing in new individuals or changing the skills and behaviour of existing employees – was a crucial part of the new vision of public administration in post-communist countries. We examine both general approaches to civil service reform and some key specific issues.

2.6.1 Communist legacy

Public administration and related personnel policy in the communist period had several features. First, according to Beblavý (2002a) by the 1970s and 1980s, the public

administration was politically penetrated at the individual level (by compulsory party membership on many levels), but the public administration was nearly invulnerable to change as a group (Sootla, 2002). The public services in former communist countries thus were a clear example of a patronage system with no regard for merit principles (Randma-Liiv and Jarvält, 2011). Second, the 'public' and 'corporate' sectors were treated equally - both were controlled by sectoral ministries and were subject to similar regulatory environments. This blurring not only led enterprises to behave like 'civil service', but also to 'civil servants' behaving like corporate managers. In other words, there was neither a sharp distinction between the two in the eyes of actors themselves nor much difference in systems and incentives regulating their behaviour (Beblavý, 2002a). Third, while a communist system had precise rules for budgeting, management and human resources procedures, those organisations generally had no accountability systems other than supervision by their ministries - no publication of accounts or annual reports and no civil society or independent media to scrutinize them (Hojnacki, 1996).

All of this led to a situation where the real heritage of communism was not a hierarchical, disciplined public sector with a distinctive culture and ethos. Rather, the situation developed in which organisations often had legally defined autonomy, rights and responsibilities and their staff, particularly managers, remained responsive to political pressure individually, but acquired very little accountability and felt certain informal ownership rights. Public administration employees, also on the whole, lacked the skills and information needed to participate in policy-making in a new world of market democracy (Beblavý, 2002a). Zientara and Kuczynski (2009) add that as wage differentials were insignificant and the career path depended on Communist Party membership, objective criteria-based performance evaluation had little reason to exist. Even if some HR management practices were observed, they were carried out for statistical purposes (Koubeck and Brewster, 1995) rather than with the aim of addressing specific organisational needs (Zientara and Kuczynski, 2009).

Thus the need to move from a Soviet type of public servant to a new type of civil servant has been reflected in civil service reform conducted in many former communist countries. O'Dwyer (2002) stresses that the establishment of an official civil service was intended to increase effectiveness by introducing meritocratic selection and promotion procedures into public administration. According to Beblavý (2002a), the level of government involvement in the economy and in the society decreased by any fiscal or financial measure and the role of the state was downgraded, sometimes repeatedly. This, together with a very high level of uncertainty and decreasing prestige of the public sector due to new employment alternatives for the best staff, led to a longlasting decline in funding, prestige and stability.

2.6.2 Civil service reform – the general experience

Many CEE countries decided to conduct civil service reform, which according to Beblavý (2002a) means:

- primary and secondary legislation concerning civil service;
- management of transition of the existing public administration employees into the new system (exams, oaths, lay-offs, etc.);

- organisation of training for existing and new civil servants; and
- setting up institutional solutions for recruitment, dismissal, evaluation and remuneration of civil servants (which usually require complex institutional underpinnings).

The efforts to conduct civil service reform in CEE countries as defined above can be, according to Randma-Liiv and Jarvält (2011), divided in three periods:

- institution-building and introduction of modern personnel policies in the 1990s;
- Europeanization of personnel policies before acceding to the EU; and
- making further adjustments after accession.

At the beginning of the 1990s, public servants in the former communist countries were not governed by special codes and enjoyed no special status. In that period, CEE countries all passed public service laws granting public servants a special status and deliberately emphasising the distinction between public and private employees (Randma-Liiv and Jarvält, 2011). They established some type of civil-service system; only the characteristics and timing are different, with Hungary being the first country to adopt a modern civil service law in 1992.

Randma-Liiv and Jarvält (2011) stress that the early years of transition coincided with a period of Western thinking about the state that was dominated by neo-liberal concepts of public management. The NPM fashion also prevailed in the international organisations (for example, the World Bank and the International Monetary Fund) and countries that had served as models for CEE reforms, especially the US and the UK (Verheijen, 2003). The NPM ideology sat well with CEE countries that did not like big state apparatuses, and were carrying out large-scale privatizations as a part of a radical reworking of their one-sector economies (Randma-Liiv and Jarvält, 2011).

In late 1990s and the early 2000s, the European integration process created an important motivation for systematic development of personnel policies (Grabbe, 2001; Viks and Randma-Liiv, 2005). Although public personnel management per se was not part of the acquis commu*nautaire* to be formally incorporated into a country's legal framework in order for the country to join the EU, entrants were required to have a functioning administrative system. The European Commission, together with OECD/SIGMA, defined baselines for civil service developments and these baselines strongly favoured the establishment of career civil services based on the principles of Weberian depoliticized bureaucracy (Goetz, 2001). Technical and financial assistance from the Commission was provided for this purpose as well. The main principles have been provided in section 2.3.

The legalistic nature of the *acquis* mainly focused the accession process on changes in the legal framework, yet to an extent it also spilled over into substantive public service reform (Beblavý, 2002a). The European Commission was thus rather successful in pushing through major formal institutional instruments, such as

the adoption of Public Service Laws in some candidate countries (most notably in the Czech and Slovak Republics), but it was much less successful in influencing the actual content of change and the implementation of new legislation (Beblavý, 2002a; Meyer-Sahling, 2009).

On the other hand, although this legislation was not fully implemented in all countries (World Bank, 2006a), its enactment created a basis for the development of merit principles in public service. Key areas of personnel policy that affect the movement of people into, through and from the public service were fundamentally examined, and in most cases also reformed. All civil service reforms in CEE countries, in some way, pursued some of the following essential components (Beblavý, 2002a):

- replacing some of the public administration employees with new employees, with a different set of skills and preferences;
- giving the remaining and incoming public administration employees incentives to mould their behaviour in a desirable manner; and
- equipping public administration employees with skills that enable them to respond to incentives in a desirable manner.

The need to move from a Soviet type of public servant to a new type of civil servant has been reflected in civil service reform conducted in many former communist countries As for the post-accession period, an OECD comparative study looked at the civil service reform in CEE countries after accession and indicated three groups of countries that vary in terms of the current fit with European standards of administration and in terms of the professionalization trajectory since EU accession (Meyer-Sahling, 2009):

- constructive continuation of the reform Lithuania, Latvia, Estonia
- constructive reform reversal Hungary, Slovenia
- destructive reform reversal Slovakia, Poland, Czech Republic.

According to Bouckaert et al. (2011), progress in area of civil service has been very limited outside the new EU Member States. In the absence of the effective conditionality of EU membership, the civil-service reforms of the former Soviet republics¹⁸ (except the Baltic States) have been driven by the international donors and domestic political forces. Despite some efforts to modernise the civil service systems, the professionalism of the public administration remains rather low, with frequent incidents of administrative corruption. 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 (Bouckaert et al., 2011).

2.6.3 Specific issues in reforming human resource management

Civil service reform requires several new policies to be developed and implemented: recruitment and career management, incentive systems and rewards, performance management. In addition there must be an institutional base for conducting these reforms. In this section, we therefore look at some of those policies and the institutional solutions. We omitted information that is already presented elsewhere in this report – recruitment and career management (see section 2.3).

REWARDS AND PERFORMANCE MANAGEMENT

During the communist period, the remuneration of the public administration was set by central planners and pay differences were not big (Zientara and Kuczynski, 2009). After 1989, the market economy allowed for big wage differences in the countries and competitiveness of public administration became a key issue (World Bank, 2006a).

A growing number of countries (for example, the Czech Republic, Latvia, Lithuania and Slovakia) have opted for broad banding, i.e. grouping jobs into job families and salary brackets to achieve more flexibility and discretion (World Bank, 2006a; Meyer-Sahling, 2009). Estonia and Poland have decentralized their public sector salary systems to a large extent, leaving a considerable degree of discretion to individual organisations and managers. It has been expected that a high level of discretion will enable the flexible consideration of specific environmental factors surrounding each organisation, which is particularly important in a highly dynamic context of transition and Europeanization. However, decentralization might also have considerable disadvantages. If

^{18.} For example in Russia the Civil Service Law was accepted by the Parliament in 2004, the Civil Service Office established in 2007 and most of the planned Presidential decrees were adopted (Baranashev and Straussman, 2007).

every government unit develops its particular working conditions, public organisations can find themselves in a situation in which instead of cooperating, they have to compete with each other. For example, in Estonia this has led to a situation where each ministry and agency is responsible for the remuneration of its staff, and individual salaries vary to a large extent due to the effects of pay differentiation and 'add-ons', negotiated for each organisation and individual. In 2007, the average salary in the best-paid institution was 3.2 times higher than that in the lowest paid institution (Riigikantselei, 2008).

Bonus payments - often in the form of pay-for-performance - have attracted considerable attention over the last decade in CEE. Some politicians and public sector managers look upon pay-for-performance as a quick and easy fix for serious performance problems. Although certain positive results have been reported in Latvia and Lithuania, the use of pay-for-performance has been met with only limited success in the region (World Bank, 2006a). A well-managed pay-for-performance system is a valuable tool to encourage high-quality performance of public servants and to motivate the best officials. The challenge that managers encounter is not the difficulty of knowing who the best performer is, but rather of measuring and documenting performance differentials (Perry, 1990). For example, a Slovakian bonus-based performance system has been criticized for a lack of transparency and subjectivity (World Bank, 2006a). If pay-forperformance is poorly designed or managed, it may produce an effect contrary to what was intended, and eventually harm productivity and organisational culture. This has, for instance, been demonstrated in relation to Estonia (Randma-Liiv, 2005a).

Overall, CEE countries have not produced any success stories of performance management so far. Although Hungary, Latvia and Lithuania have made the most progress in this area by introducing performance evaluation systems, even these countries have experienced problems, including cases of unfairness and weak links between strategic goals and evaluation (Meyer-Sahling, 2009). The Estonian example of pay-for-performance has also received criticism, mostly because of the poor management experience of public sector leaders (Randma-Liiv, 2005a).

The partial failure of performance management is related to several aspects:

- A lack of trust between managers and public servants due to a high level of politicization (discussed in section 2.3) may make the appraisal process more of a controlling exercise (Randma-Liiv and Jarvält, 2011).
- Most of the NPM ideas are rooted in bundles of various concepts that often embody contradictions (Peters, 2001). Several 'democratic' goals such as transparency, representativeness, equal opportunities and fairness of procedures can be in conflict with 'technocratic' or 'rational' goals such as efficiency, value-for-money or fast decision-making. For instance, in Latvia, management contracts with defined performance bonuses for senior staff became rather unpopular due to their lack of transparency (World Bank, 2006a). The quality of Slovenian and Slovakian initiatives has also been criticized because of the legal uncertainty in their performance evaluation systems (Meyer-Sahling, 2009). Such contradiction in values is particularly

hard to solve in CEE countries, where democratic values are not as deeply held as in old democracies (Randma-Liiv - Jarvält, 2011).

INSTITUTIONS RESPONSIBLE FOR CIVIL SERVICE REFORM MANAGEMENT

The key issue in the management of civil service reforms has been **the choice of responsible institution**. According to Beblavý (2002a), there are three options.

The first one is the ministry of interior (Hungary and Slovenia). It offers administrative continuity, an extensive pool of employees with wide administrative experience and a close relationship with local governments, but it is also very conservative and has little knowledge

Polish citizens march on Independence Day, which marks Poland's 1918 return to sovereignty and has been reinstated as a national holiday after breaking away from Soviet Russia in 1989. (Photo: Flickr/Magic Madzik)



of some elements of the public sector. The ministry can also have a sectoral role if there is separate civil service legislation for policemen and if it is responsible for law enforcement, which is the case in most transition countries. This system was preferred by countries with a decentralised system or where some responsibility for implementation was transferred to other agencies.

Another alternative is the ministry of labour (Czech Republic and Slovakia). Such ministries placed a strong emphasis on labour and social aspects of civil service reform at the expense of the rest of the civil service reform and had much less contact with the lower tiers of the public administration than the interior ministry. They are usually closely involved in the civil service reform due to their responsibility for working issues and the labour market. These ministries have been responsible both for general labour legislation and specifically civil service regulations. They have played a key role in the Czech Republic and Slovakia by preparing a legal framework and remaining, in the Czech case, to be responsible for it.

Lastly, one can create a separate agency (Poland, and, after the start of reform, Slovakia and Czech Republic). Once created, such an agency usually becomes a focal point for further civil service reform, but makes it hard to strike a proper balance in its creation between power and accountability. Either they are too powerful and influential without the requisite accountability or become too weak politically and financially.

2.6.4 Conclusion and recommendations

1. One can track, in many CEE countries, important trends related to personnel policies, as follows (Rees, Järvalt and Metcalfe, 2005):

- from a relatively closed, patronage-based system to an open one;
- from a centralized to a decentralized system;
- from institutional to more individualistic responsibility for careers; and
- from providing vertical advancement opportunities to providing alternative career paths.
- 2. The push for reform in public administration in general and in the civil service in particular, is never-ending. Nonetheless, in the case of transition countries, one can make a conceptual distinction between two phases of civil service reform. The first phase involves the creation of a new civil service system in all the aspects mentioned above. When all of this is fulfilled, the second phase of consolidation can begin. The final architecture of the system can also have serious internal inconsistencies or omissions. It can therefore be recommended, when all the components are in place, to undertake a review of the civil service system to reveal these inconsistencies and correct at least the most important ones.
- 3. The experience of CEE countries shows that instability in the public service, combined with high levels of decentralization and weak coordination systems, is a major risk to effective policy design and implementation. Therefore, it is important to achieve a healthy balance between the decentralization of functions and the central steering of personnel policies (Randma-Liiv and Järvalt, 2011).
- Performance management and performance pay are easy to introduce, but difficult to introduce well. The issue is not just measuring performance, but retaining public trust that the system is fair.

2.7 GENDER AND ETHNIC MINORITY REPRESENTATION IN PUBLIC ADMINISTRATION

In this section we look at the representation of women and ethnic minorities in public administration. The section is divided into two parts, one dealing with gender and the other with ethnic minorities. Due to history and politics, these two issues have been quite distinct in communist and post-communist countries.

2.7.1 Gender issues

LEGACY OF THE COMMUNIST PERIOD

During the communist period, women were usually employed and officially recognized by the state as equals (Gerber, 2010). The state facilitated involvement of women in the economy by granting state assistance to families and providing a range of services (paid maternal leave, state childcare establishments, etc.) (Gerasymenko, 2006). However, vertical discrimination¹⁹ could be traced in several areas, e.g. in politics and public administration.

According to Pascall and Manning (2000), women's place in formal politics was superficially strong: quota systems ensured women's positions in parliamentary bodies and women's committees in the Communist Parties monitored women's issues. The reality of women's positions in decision-making, however, was different: parliaments were weak and dominated by the

^{19.} Horizontal discrimination could be seen as well. For example, women were excluded from many of the best-paid jobs, such as construction and mining (Hauser et al., 1993).

Communist Party where women never had more than 5% representation despite parliamentary participation of around 30% (Pascall and Manning, 2000).

As for employment in public administration, relatively lower salaries generally led to higher representation of women in public administration and public services, but senior positions in administration and politics were overwhelmingly occupied by men (Molyneux, 1990). That indicates that gender inequality and discrimination continued to exist with an unchallenged acceptance of the gendered-division of labour (Gerber, 2010). This division of labour meant that some professions were over-feminized (Gerber, 2010).

SITUATION AFTER THE FALL OF COMMUNISM

The fall of the command economy and end of compulsory employment led to a rise of unemployment in many of the former communist countries though this was not necessarily biased against women (Pascall and Manning, 2000). With regard to structure, some researchers, in fact, have started to talk about 'defeminization' – further decrease of female employment in the most prestigious and profitable economic sectors (Gerasymenko, 2006).

In politics, the end of communism brought an end to quotas for women and Pascall and Manning (2000) point out to a 'patriarchal renaissance' – politics has come even less to challenge male control of political systems. The women are stronger in civil and wider political arenas, but women's position at governmental and ministerial level is weaker than their position in parliaments (Pascall and Manning, 2000). In addition, Metcalfe and Afanassieva (2005) state that the political and economic transition is a 're-masculinization' process in which gender hierarchies and gender power relationships in CEE private and public sectors are reaffirmed,

In public administration, women are overrepresented in many former communist countries. For example, Barabashev and Straussman (2007) show that in Russia the gender breakdown in the public service does not correspond to the distribution of women in the overall Russian labour force. In 2005 women made up 71.2% of the public service. Men however dominate higher levels of the public service (Barabashev and Straussman, 2007). Kotchegura (1999) finds a disproportional distribution of women in public service positions, with a clear paucity of women at the higher levels.

Chiva (2005) shows that gender parity was not a feature of parliamentary representation in any former communist country applying for EU membership in the 1990s. After the first free elections, women's share of the seats in the lower houses of the legislature ranged from 4.6% in Romania to 10% in the Czech lands and 15% in Latvia. More than a decade later, after the fourth postcommunist elections, there was some improvement, but the gender gap remained significant: women constituted 9% of Hungarian MPs, 15% in the Slovak parliament and 21.9% of Latvian MPs (Chiva, 2005). She also shows the effects of party politics – communist successor parties were by far the most committed to promoting women. Conservative, Christian Democratic and liberal parties were much less inclined to recruit women (Chiva, 2005).

To support gender balance and higher representativeness of women, many former communist countries developed policies to promote equal opportunities for men and women. In countries that acceded to the European Union, the EU has required the adoption of anti-discrimination legislation. Its implementation, however, is much more complicated than the formal adoption. Gerber (2010) shows that while the EU was empowered by Member States to reshape institutions, it has no clear mandate when it comes to changing beliefs. As such, within national contexts, actors find ways to either uncouple institutional and normative change, or to resist institutional isomorphism. Gerber (2010) uses the case of gender equality implementation in Poland to show that it is possible to build institutions at the national level to satisfy the letter of the law, without fully committing to either the full implementation necessary to effect change or to the normative mission that motivates the formation of such institutions in the first place.

CONCLUSION/RECOMMENDATIONS

- 1. While women had a high level of participation in public administration during the communist times, this was markedly less so in senior positions.
- 2. After the fall of communism, some countries experienced a 'patriarchal renaissance', accompanied by a higher unemployment rate for women, although this was by no means universal.
- 3. In reaction, and as a part of EU accession, several countries started to invest in pro-equality measures and achieving a better gender balance.
- 4. A change in the formal rules, e.g. in the form of anti-discrimination laws, can be adopted relatively easily, but their real implementation in society is harder to achieve. This is especially relevant in highly conservative countries. Accession to the EU supported the adoption of the EU's gender policy framework, but it does not necessarily lead to its implementation.

2.7.2 Minorities

The fall of the Soviet bloc and the transition to democracy in many newly independent countries raised difficult issues of linguistic and ethnic differences, as many of the post-Soviet countries are ethnically heterogeneous (Kolisnichenko and Rosenbaum, 2009). Four different strategies were adopted by different groups of countries.

STRATEGIES CHOSEN BY INDIVIDUAL COUNTRIES – GENERAL OVERVIEW

The first group contains countries that underwent internal military conflict related to ethnic issues. After the military conflict, the countries were either divided or underwent asymmetric decentralization as discussed in section 2.4. Subsequently, minority rights were granted.

Estonia, Latvia and Lithuania – **states in the second group** - became part of the Soviet Union in 1940. During the Soviet era, Russian-speaking enclaves developed in those countries with Russian-speaking media, government services, cultural resources and educational institutions (Pettai and Hallik, 2002). Those countries have received a lot of attention in relation to their ethnopolitics, which differed considerably one from another. In Lithuania, the Russian community never constituted more than one-tenth of the total population and thus the country limited the role of the former Soviet decisionmakers only through lustration laws (Stan, 2009). It granted citizenship to every person.

On the other hand, Latvia and Estonia adopted stringent citizenship laws and excluded large parts of their populations from public life. Pettai and Hallik (2002) show that, after gaining independence from the Soviet Union, citizenship in the restored Estonian state was only being The fall of the Soviet bloc and the transition to democracy in many newly independent countries raised difficult issues of linguistic and ethnic differences, as many of the post-Soviet countries are ethnically heterogeneous.

granted to the citizens of the pre-occupied republic and their descendants, while Soviet-era immigrants had to fulfil naturalization requirements. In the 1992 parliamentary election, out of 101 newly elected deputies, all were ethnic Estonians.²⁰ Many non-citizens became de facto stateless persons. The civil service was restricted to citizens and property was also given back to Estonians through restitutions. These actions created higher socioeconomic dependence among Russians on Estonians. On the other hand, the EU accession process, as well as pressures from other international organisations, pushed Estonia towards integration programmes and a policy of multiculturalism, which Pettai and Hallik (2002) call a 'co-optation' strategy.

In the third group, the strategy vis-à-vis minorities consisted of negotiations and the provision of some minority rights without open conflict. Among the countries taking this path were Ukraine, Hungary, Romania and Slovakia. Brusis (2003) argues that accession to the EU contributed in several CEE countries to the use of this approach to accommodate ethnic cleavages (for example in Bulgaria, Romania and Slovakia). The

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EU had this effect somewhat unintentionally, since its minority protection policy was guided by a security approach that prioritized the consensual settlement of disputes over the enforcement of universalist norms. The EU has not created a minority rights *acquis* beyond the anti-discrimination rules and an enlarged EU seems unlikely to codify its own specific common standards of minority protection, given the persistent diversity of national approaches and the sensitivity of minority issues in old and new Member States (Brusis, 2003). The minority that has not been satisfactorily included in those countries are the Roma (Matei and Flogaitis, 2011).

This approach is used by the EU in other countries that have been or are in the accession process. The most important examples appear in the former Yugoslavian successor countries (e.g. Croatia, Slovenia, Serbia), which were previously in the first group of conflict states. The rules in those countries explicitly look at the representation of ethnic minorities in state administration bodies (Matei and Flogaitis, 2011).

The last group is composed of the Central Asian countries. Strakes (2006) shows that the newly independent Central Asian republics are composed of many nationalities, mostly Muslim, and are organised into centralized secular states consolidated largely by external

^{20.} Some argue (see Pettai and Hallik, 2002) that it enabled the country to conduct serious economic reforms and re-orient the country towards the EU

geopolitical forces. As he further shows, these societies are using two principal tools of political management: elite control over natural resource endowments that provide a major source of budgetary capital, and the presence of informal organisations based upon kinship ties or local authority patterns that organise and structure political associations. These are utilized as a means of forging a bond between formal institutional arrangements and indigenous populations (Strakes, 2006). No comprehensive system of minority's rights has been introduced.

STRATEGIES CHOSEN BY INDIVIDUAL COUNTRIES – POLITICAL RIGHTS OF MINORITIES

As for the political rights of minorities and their representation in the public sector organisations, several strategies have emerged in post-communist countries. Political representation of minorities has been, for example, strengthened by the formation of political parties on the basis of ethnic principles. Such political parties were formed e.g. in Estonia (Russian minority), Slovakia (Hungarian minority) or Romania (Hungarian minority). Those political parties represent minorities at the local and/or central level, but they do not always possess coalition potential at the central level (e.g. in Estonia) (Pettai and Hallik, 2002). The other strategy employed for stronger political representation of minorities has been the formation of asymmetric decentralization, as mentioned above. The quota system is also used in some countries, for example in Croatia (other examples are Slovenia, which has two positions, and Romania, which reserves 15 positions for minority representatives in national parliaments) (Vasiljevic, 2004).

The EU has pushed for anti-discrimination legislation in CEE countries and insists that the law is applied also to public administration personnel. The law formally guarantees equal treatment for employment in public sector for ethnic minorities. However, its implementation in the public sector in relation to ethnic minorities has not been seriously researched yet. Another approach that has been used in terms of ethnic minorities' representation in public administration is presented by Croatia. In this country, the law on officials and employees in local and regional self-government stipulates that the local government units have to plan the admission and availability of jobs in governing bodies for ethnic minorities, and the employment plans require a certain number of persons belonging to national minorities to assure their effective representation, in accordance with the Constitutional Law on National Minorities (Matei and Flogatis, 2011). The impact of this kind of affirmative action on the quality of public personnel, as well as on corruption, has not been researched yet.

2.7.3 Conclusions and recommendations

- First of all, the issues of linguistic and ethnic differences have often been important elements in the transition process and democracy-building in the former communist countries (Kolisnichenko and Rosenbaum, 2009). This issue has been very sensitive, especially in the countries of the former Soviet Union and former Yugoslavia, where more than a score of new countries emerged.
- Although many of the former communist countries did not avoid military conflicts to deal with the minority issues, when building democracy they had to adopt minority policies providing different types of minority rights.

- 3. The EU has supported the emergence of 'consociational' democracies based on power-sharing between political arrangements that accommodate ethnic cleavages. That is the case especially in the CEE countries. The pressure has extended to civil service personnel policies only to a very limited extent.
- 4. Personnel policies in public administration have been used towards different ends. In Estonia, denial of citizenship to ethnic Russians served to build up an ethnically Estonian (and presumably loyal) civil service. On the other hand, Kosovo and Bosnia and Herzegovina implemented robust policies to ensure representation of minorities and various ethnic groups in the public administration.

2.8 CONTROLLING CORRUPTION

In this section, we look at corruption and the steps taken by post-communist countries to control it in their public administration. We start by looking at the mutating nature of corruption itself, since the nature of corruption changed radically with the change of the regime. Then we assess the current situation with regard to corruption in the postcommunist countries. We conclude with two subsections examining what can be done to control corruption and what is the role of individual actors in this task.

2.8.1 What is corruption and how has it evolved?

The literature provides many definitions of corruption. In this paper we look at corruption as abuse of public office for private gains (Rose-Ackerman, 1999) or in other words the abuse of entrusted power for private gains. This broad definition entails many types of corrupt transactions, ranging from favours and privileges to bribes and extortions.

According to Krastev (2004), it was commonplace among the ordinary citizens of the Soviet bloc to view corruption and privileges as the most distinct feature of 'real socialism'. Privileges were for the nomenklatura, corruption was for the people. Petty corruption in Soviet times took the form of so-called 'connections' and Krastev considers connections to be key to understand communist society. Ledeneva (1998) describes connections (in Russian, blat) as the use of personal networks and informal contacts to obtain goods and services in short supply and to find a way around formal procedures. The citizen of communist society was aware of the social price of *blat*, but he was also aware of the lack of any other realistic alternative for surviving. As for the politicians, corruption in the communist period was a form of privilege, e.g. access to special healthcare institutions and other public services of higher quality (e.g. Steen and Ruus, 2002). In comparison to other autocratic regimes there is no serious evidence that the communist nomenklatura owned foreign bank accounts or foreign property in which they secreted stolen public funds.

The end of the 'economy of shortage' (Kornai, 1992) and the rise of 'real money' in post-communist period changed the rules of the game: *blat* was replaced by bribes. *Blat* networks were transformed into classical corruption networks involved in the redistribution of state assets, while other *blat* networks simply disappeared (Krastev, 2004). Ledeneva (1998) stresses that the non-monetary character of *blat* is critical in understanding its social acceptability as this helped to cover it

in the rhetoric of friendship. Even though the old system of exchanging favours was replaced by sophisticated bribery, *blat* networks among the powerful survived in the new conditions (Krastev, 2004). These informal networks inherited from communist times gave rise to an unhealthy symbiotic relationship between business and politics (Karklins, 2005; Miller et al., 2001).

As for corruption since the transition, both petty and grand forms of corruption have become widespread and many governments have tried to deal with them. Petty corruption, or administrative corruption, relates to providing direct payments to safeguard access and/or higher quality of services, e.g. healthcare, education or a business license. It is connected with the implementation of government policies. Grand corruption is more related to political corruption and policy development and to a certain extent it also relates to what Hellman et al. (2000) call 'state capture'. Hellman et al. found that some firms in transition exert influence on and collude with public officials and thus have been able to shape the rules of the game to their own advantage at considerable social cost and create a 'captured economy'.

2.8.2 Current state of affairs

The post-communist countries have not been equally successful in curbing corruption. To illustrate this, we use data from the Transparency International Corruption Perception Index (CPI), which has been measuring perceived corruption for two decades. Even though the index is subject to frequent criticism (Miller, 2006; Hindess, 2004), it is highly correlated with other instruments (Global Integrity's Public Integrity Index, World Bank Institute's Control of Corruption Index and the World Bank Enterprise Survey) and, for European countries, we also complement it with data on actual corruption experiences collected by Eurostat.

CPI 2012 scores countries from 0 (highly corrupt) to 100 (very clean). Three big clusters can be identified within the former Soviet bloc. The first one contains countries of Central Asia, Ukraine and Russia with prevailing corruption problems (with scores lower than 30). The second group contains countries with scores from 30 to 50, including Serbia, Bulgaria, Romania, Croatia, Slovakia, Czech Republic and Latvia. The third cluster contains countries with the best score (more than 50) and features Estonia, Slovenia, Hungary and Lithuania. As far as corruption is concerned, the CPI 2012 shows that there is not a clear divide between the older and younger democracies of the EU any more. The front runners between the new comers (like Estonia or Slovenia) are doing better in corruption control than some EU incumbent countries like Malta, Italy, Portugal or Greece. The latest study developed by Transparency International assessing national integrity systems in 25 European countries shows that there is a strong convergence between old and new EU countries as far as formal anti-corruption institutions are concerned. However, this is not the case for the actual operation of the institutions and their efficacy in controlling corruption. This again shows the limits of formal policy or institutional transfers and the need to build working institutions in a particular context.

The biggest decrease in the extent or spread of corruption have been recorded in the Central and Eastern European countries that have joined EU. Even within this group, however, the corruption convergence with the rest of the EU operates at several different speeds, as shown by Beblavý (2009). The countries that are not the part of direct Europeanization efforts have the worst results as far as corruption perception and efficacy of policy interventions are concerned. The interesting exception from this group is Georgia, which after 2003, introduced serious efforts to control corruption (Borzel and Pamuk, 2011).

2.8.3 How to control corruption

There are several approaches to anti-corruption strategy starting from the design of the political system, to the principles of reform and design of the public sector decision-making processes. Here, we pay attention to strategies of controlling corruption in the public sector decision-making processes and look at what policy tools are efficient in terms of controlling corruption in postcommunist countries.

Essentially, anti-corruption policies can be divided into three categories:

- Removing opportunities for corruption;
- Increasing the likelihood of exposing corruption; and
- Punishing corruption more effectively (Sičáková-Beblavá and Beblavý, 2007).

Most of the literature focuses on **removing opportunities for corruption and defines a series of anticorruption policy instruments to curb corruption**, (Klitgaard, 1988; Johnson, 2001; Persson et al., 2012). These are concerned with the following:

limiting the monopoly of public administration if possible,

- decreasing the level of discretion among civil servants; and
- increasing the level of accountability and transparency in the system (Klitgaard, 1988).

This approach has been used in many of the former Soviet bloc countries, but very few systematic peerreviewed evaluations are available. Beblavý (2009) looked at the effectiveness of the anti-corruption measures applied in Slovakia along these lines. He shows that corruption can be decreased significantly within several years and external actors can play a substantial role. The Slovak strategy was based on a sector-by-sector economic approach to resolving supply-demand imbalances. It used not just liberalization and privatization, but also tools more suited to core public administration functions. These involve placing limits on the discretion of civil servants through the introduction of clear rules, increasing supply through investment or limiting/ managing demand through prices. Here we can mention, as an example, the introduction of fees for guaranteed speedy processing of property contracts by the cadastre.

Horizontal reforms can complement sectoral reforms (Beblavý, 2009) with cross-cutting efforts, such as civil service legislation or freedom of information legislation. Generally speaking, civil service laws should also contribute to lower corruption levels in the public administration. But in many countries the laws have not been properly drafted and implemented and therefore did not lead to expected results.

Increasing the likelihood of uncovering corruption is mostly related to transparency (meaning the public availability of information about institutions that is relevant for evaluating these institutions, such as freedom of information laws). In the post-communist bloc, many countries decided to increase transparency of several decision-making processes, notably the Baltic countries. Georgia and Slovakia. For example, all invoices of the broader public sector are publicly available in Slovakia as well as all public contracts. In Georgia, a large part of the public procurement is done through a web portal and vast amounts of information related to the process and outcome of public purchasing are available. In Slovakia, e-auctions in public procurement or selling the public property allowed for lower prices. It is hard to say to what extent these transparency measures decreased corruption as there are no academic papers devoted to the relationship between transparency and corruption in the former Soviet bloc. However, Lindstedt and Naurin (2010) included these countries in a larger sample and showed that just making information available will not prevent corruption if wider conditions for publicity and accountability, such as education, media circulation and free and fair elections, are weak. Furthermore, they found that transparency requirements that are implemented by the agent itself are less effective compared to non-agent-controlled transparency institutions, such as a free press. One important implication of these findings is that reforms focusing on increasing transparency should be accompanied by measures aimed at strengthening citizens' capacity to act upon the available information if we are to see positive effects on corruption (Lindstedt and Naurin, 2010).

As for interventions and policies aimed at the punishment of corruption, several international organisations (Council of Europe, OECD and UN) have agreed on international standards which they have pushed member states to adopt (Beblavý and Sičáková-Beblavá et al., 2012). Based on these anti-corruption conventions,

many states have changed the definition of corruption (e.g. foreign bribery) and allowed for an *agent provocateur* to operate to prove corruption. In several transitional countries anti-corruption agencies (ACAs) have been formed, though they do not reach the 'gold standard' of

As local governments go digital in Uzbekistan, civil servants in Djuzak and Namangan region, city and district khokimiyats receive ICT training, (Photo: UNDP Uzbekistan)



Singapore or Hong Kong ACAs. The research on Latvia, Slovenia and Poland's ACAs shows that isomorphism played a major role in the choice of ACAs as a policy response: agency creation was seen as the anti-corruption intervention because the model has been so widely diffused and legitimized internationally (Batory, 2012). ACAs have different powers and are often subjected to repeated attacks from politicians seeking to assert influence. The decks are strongly stacked for political control and against autonomy. However, the initial mandate influences but does not determine how they fare in later life: support or obstruction from ruling governments and their own ability to use strategic resources and leadership shape the extent to which these agencies are able to carry out their tasks in practice (Batory, 2012). Batory concludes that ACAs should be created only where a lasting consensus can emerge between politicians to delegate - in other words, in countries that probably do not need anti-corruption agencies in the first place.

The efficacy of the ACAs depends also on the quality of other repressive bodies, such as the prosecution and the judiciary.

2.8.1 Roles of internal and external actors

Political pressure and/or power are needed to approve any reforms. In the case of corruption, this rarely comes from inside the government. Based on the case of Bulgaria, Krastev and Ganev (2004) argue that launching anticorruption campaigns looks unattractive to the "highest levels of government" because initiating such a campaign does not contribute to the re-election of the government and anti-corruption campaigns contribute to the delegitimization of the elites and the destabilization of the political system. Non-corrupt governments do not have chance to convince the public that they are successful in fighting corruption as ad-hoc corruption-related scandals may occur when in power. They suggest that it would be more productive to avoid anti-corruption rhetoric as a major instrument for justifying reform policies.

Therefore, a broader societal and political coalition is needed. In the post-communist countries, this has usually involved some combination of media, civil society and external actors.

Media and NGOs, either think tanks or watchdogs, are important for successful implementation of anti-corruption reforms. As mentioned earlier, in research done by Lindstedt and Naurin (2010), increasing transparency should be accompanied by measures for strengthening citizens' capacity to act upon information if we are to see positive effects on corruption. Persson et al. (2012) stress that the problem in anti-corruption efforts is the absence of stakeholders to act as the 'principals' and, as such, enforce existing laws and policies. Traditional theory sees politicians and administrators as agents of citizens who are seen as principals. However, in countries with systemic corruption, all actors seem to accept this reality and changes require a shock to move from one equilibrium to another one.

External actors, such as the EU, the OECD or the Council of Europe, have several roles and tools for pursuing anticorruption measures. As Beblavý and Sičáková-Beblavá (forthcoming 2013) show, the influence can be stronger in the pre-accession period when conditionality can be applied. In the areas where the EU has regulatory and enforcement powers, such as public procurement or state aid rules, the EU can play an important role in enforcing the rules and sanctioning illegal behaviour through the European Court of Justice. However international organisations lack such an enforcement tool and peer reviews and other soft mechanisms are used to change the rules of the game in Member States (Beblavý and Sičáková-Beblavá et al., 2012).

2.8.2 Conclusions/recommendations

- Widespread corruption was commonplace both in communist and post-communist regimes, but the nature and manifestation of the phenomenon changed – from personal, clientelistic networks focusing on resolving scarcity, to large-scale monetary corruption involving appropriation of rents from public services, privatization, public procurement.
- 2. Post-communist countries show a variety of approaches and results in curbing corruption. Postcommunist countries with the lowest levels of corruption, such as Estonia and Slovenia, have low levels of graft comparable with the average of 'old' European states. The most afflicted countries, e.g. Central Asia, are among the worst afflicted in the world.
- But history and geography are not destiny while corruption scores tend be similar for neighbouring countries, the example of Georgia shows that a country can 'shoot' significantly above the subregional average if it is determined enough.
- 4. The most successful strategies focused on structural reforms to remove opportunities for corruption, increasing the likelihood of uncovering corruption, and punishing corruption more effectively. This does not have to mean only privatization and liberalization, but can also involve user fees, clear rules for decision-making or allocation of goods and transparency to facilitate better outside verification of rule compliance.

2.9 SUSTAINABILITY OF REFORMS: BIG BANGS, GRADUAL REFORMS AND BACKSLIDING

The previous seven sections have analysed public administration changes in different thematic areas. Since more than 20 years have passed since the fall of communism, we can now also evaluate the issue of sustainability – which of the changes introduced survived intact, which ones were overturned or modified, and why.

However, it is not our objective here to return to each individual type of public administration reform and see how they fared over the long run. We have done so, to the extent possible, in the individual sections. Here we look at the cross-cutting knowledge about reform sustainability in general and public administration in particular.

2.9.1 Theoretical views on reforms sustainability

Patashnik (2003) defines political sustainability as the capacity of any public policy to maintain its stability, coherence and integrity as time passes, achieving its basic promised goals amid the inevitable vicissitudes of politics. In general, political sustainability is a necessary (but not sufficient) condition for a policy's success. The reason why political sustainability cannot be safely assumed is that policy-makers cannot make binding commitments (Patashnik, 2003). Government can always change its mind and earlier commitments can be changed and revised or even nullified (Stiglitz, 1998).

Wimmer et al. (2002) define two non-political factors and four political factors that influence the success and failure of the reform. Non-political factors are timing and speed. As for the genuinely political factors, they distinguish between four different elements of the political economy of reform:

- The success of a reform project depends on the constellation of interests represented in government, particularly the balance of power between rentseeking segments of the economy and society (i.e the potential losers) and the potential winners from the reform.
- Of crucial importance is not only the power basis of a government, but also the relations between technocratic, reform-minded civil servants and politicians, specifically the degree of independence of civil servants and their ability to resist political pressure. The degree of insulation of reform-oriented sections within a bureaucracy is what seems to matter – and not the insulation of the entire government apparatus from the surrounding society, as has been the preoccupation of much of the previous literature (Haggard and Kaufman, 1992).
- 3. Another important factor is the capacity to implement complex reforms in a fast changing international and domestic environment. The capacity is related to coordination and management abilities and the extent to which a given bureaucracy is focused on rents rather than performance and service delivery. It seems that institutionalised democratic processes are likelier in this regard to provide the 'checks and balances' against such behaviour and therefore to enhance the capacity to steer a reform process skilfully (Snider, 1996).

4. A crucial factor determining the short- and long-term success of reform is also 'ownership' by the government and by other politically influential stakeholders (including major opposition forces). The degree of ownership is one certain predictor for commitment and therefore also for the success of reforms (Haggard and Kaufman, 1992; World Bank, 1998; World Bank, 1999; Boughton and Mourmouras, 2002).

2.9.2 Sustainability and ownership of public administration reform in Central and Eastern Europe

The long-term nature of public administration reform frequently collides with political instability. When combined with the over-politicization of civil service appointments, this will predicate against organisational change becoming institutionalised (Jacobs, 2004). With these challenges in mind, Jacobs looks at the broad experience of OECD countries with public administration reform (including several CEE countries) and finds that public administration reform needs to:

- 1. Embrace many issues in an integrated way, if reform is to be effective;
- 2. Be given a sufficiently high priority in national affairs;
- Be driven with support from the centre of government; and
- Balance the central/supply-driven function of government with demand from civil society for public services (adapted from Ives, 2000, p. 6).

Meyer-Sahling (2009) states that there are three clusters of Central and Eastern European countries with regard to sustainability of civil service reform: countries with constructive continuation of the reform, countries with constructive reform reversal and lastly, countries with destructive reform reversal. He further elaborates on the possible reasons:

- 1. The lack of an *acquis* in the area of civil service governance undermined the incentive of the Commission to prioritise civil service issues during the pre-accession period. Personal interviews in Brussels and in CEE capitals indicated that Commission officials were naturally hesitant to push an issue that was lacking a clear legal basis.
- 2. The pre-accession management of civil service affairs by the Commission and the Council did not support post-accession reform sustainability. During the pre-accession process, there was no DG at Commission level that could act as a counterpart for DG Enlargement in the area of civil service affairs.
- 3. The activities pursued in the context of the EU's twinning programme lacked mechanisms to generate long-term effects beyond the accession date. The 'direct' effect of twinning on the development of civil service capacity has been limited. Twinning

was aimed at the development of sectoral administrative capacity and hence did not target horizontal administrative reforms, such as civil service reform.

4. The OECD Sigma Programme had the advantage that civil service policy was consistently applied across all candidate countries and aligned with principles of European public administration. This approach differed from that of the twinning programme, where the role of the Commission was limited to that of a matchmaker who would bring together candidate countries and Member States for the realization of individual twinning projects. There were no mechanisms in place that would ensure that activities carried out in the context of the twinning programme were compatible with European principles of administration.

Ionita and Freyberg-Inan (2008) argue that three main cases have been put forward in the literature to explain why political elites generally might avoid civil service reforms: 1) political parties distrust administrations (O'Dwyer, 2002; Meyer-Sahling, 2009); 2) administrative reforms challenge the 'notion of power in politics', an argument going back to March and Olsen (1989); and 3) control over administration is an important source of profits (Kaufman, 1997).

The long-term nature of public administration reform frequently collides with political instability. When combined with the over-politicization of civil service appointments, this will predicate against organisational change becoming institutionalised. They also state that the lack of a more clearly defined blueprint for the development of public administration, combined with the EU's limited capacity for enforcing reforms through sanctions, contributed to the existing situation. They do not say that the role of the EU and European integration in this field has been negligible; but it has not been uniform across the public administration, and has not exhibited the same intensity and effectiveness wherever it could be observed (Ionita and Freyberg-Inan, 2008).

Randma-Liiv and Kruusenberg (2012) go deeper on the issue of policy transfer in the reform process and explain that in general, it is believed that because of the urgency of reforms, the lack of resources and a desire to meet the expectations of the West, post-communist governments tend to transfer policies from their western models (Ivanova and Evans, 2004; Randma-Liiv, 2005b). However, Tavits (2003) finds that being a transition state does not necessarily correlate with policy emulation, as transition societies with successful reform experience are likely to design their own policies.

Randma-Liiv and Kruusenberg (2012) further show that policy-making and policy transfer may differ in various phases of the post-communist transition. Using Baltic countries as case studies, they state that choosing policy transfer as a tool in the policy-making process was in large part caused by factors related to the post-communist transition: a shortage of domestic expertise and funding, transitional urgency in decision-making, and willingness to become like the West. The emergence of new policies coupled with poor domestic analysis can lead to direct copying of foreign practices and may result in a broad scope of policy transfer. This is not necessarily a problem in itself, but given the importance of context in public administration reform and given the rather technocratic nature of foreign policy advice, excessive reliance on policy transfer can lead to diminished sustainability as we have shown above in the case of civil service reform.

Randma-Liiv and Kruusenberg further argue that as the speed of reforms slowed down after the immediate transition and accession to the EU, the time pressure gradually started to diminish, and the Baltic governments were likely to have more time to think before acting. After decision-makers have become part of international networks, their contacts and comparative knowledge have diversified and improved. This allows them to proactively choose role models rather than passively accept partners. Moving towards responsible policy learning presumes that governments can take time to analyse the experience of different countries and assess their suitability to their specific national environments, which assumes the presence of high-level domestic expertise (Randma-Liiv and Kruusenberg, 2012). Therefore, gradual improvement of administrative capacity and policy analysis skills is seen as a key factor in the shift from simple 'cut and paste' transfers to responsible policy learning (Randma-Liiv and Kruusenberg, 2012).

Central management capacity is an important precondition for 'progress' in other domains of civil service governance. Yet the Polish and Hungarian cases also indicate that a relatively capable (if unstable) central management body is not a sufficient precondition for the professionalization of the civil service in other domains. Similarly, the Estonian example shows that comparably weak management capacity can still produce a relatively high fit with European principles of administration (Meyer-Sahling, 2009). Jacobs (2004) also stresses the importance of central government in relation to committing sufficient resources, in particular in forming the necessary staff to drive forward the initiative. While much can be learnt during a pilot or experimental stage, fatigue can soon set in once the most dynamic, receptive and/or well-resourced ministries have been covered. This supports the view that systemic change can only be achieved with a strong central government mandate backed up by sufficient resources. It requires government to commit its own resources, particularly in the recruitment and training of specialists who could form part of a task force which could be deployed to different ministries as the process is rolled out. This would have the advantage of ensuring a degree of conformity and detaching staff from traditional narrow functional roles within single ministries (Jacobs, 2004).

Without skilled and motivated staff, the best solution will flounder. In this respect, an effective recruitment and performance management system combined with adequate pay are important factors. Policy formulation and implementation are equally significant factors and technical assistance is rightly provided to governments to improve this process and move away from a legalistic process (Jacobs, 2004). A readiness to write policy and take initiative is part of the wider reform of the mindset, which needs to go hand in hand with reform of institutions and human resources. This will require a move away from a situation in which a bureaucracy has operational autonomy in policy-making and a near monopoly of technical expertise (Randma-Liiv, 2001).

Jacobs (2004) comments on organisational changes – they will not in themselves be enough to result in institutional reform, but they send clear political signals about the priorities attached to a range of issues (Jacobs, 2004). As Verheijen (2002) notes, post-Communist states have generally tried to start with civil service reform before a structural overhaul of the administration. Donors have carried out numerous functional reviews of government and ministries in the Baltics, but these have only identified problems whose solution is to be found in longerterm structural changes. These in turn need to be based on a comprehensive assessment of organisational structures and capacities with a change program, which prioritises reform and designs a sequence based on economic realities (Jacobs, 2004).

2.9.3 Conclusions/recommendations

- Sustainability in general and specifically in the case of public administration reform is not guaranteed. Securing the support of existing powerful constituencies or the creation of new ones is necessary to ensure a political environment that facilitates reform or at least does not block it. It is not necessary for the whole government to fully support the reforms as long as the reforms hold some of the key positions for defending and developing the reforms.
- 2. For successful and sustainable public administration reform, the provision of financial and human resources is vital, together with building a central management capacity that has not only political support, but also sufficient technical capacity. In combination with a favourable political environment, they form a set of necessary conditions.
- 3. Policy transfer and 'copying' of reforms tends to happen in the early phases of the reform and is, to some extent, natural when embarking on a totally new path. When better policy capacity is developed in the country, different policy solutions can emerge and local ownership becomes more and more prominent and solutions become more and more customized.

3 | Conclusion

People walk past a poster for the upcoming European Parliament elections in Riga, Latvia, in May 2014. (Photo: European Union 2014 - European Parliament)

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MAKING THE STATE WORK: LESSONS FROM 20 YEARS OF PUBLIC ADMINISTRATION REFORMS IN CENTRAL AND EASTERN EUROPE AND THE FORMER SOVIET UNION

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In this survey of the literature, we examined the lessons learned on public administration reform after the political transitions in Central and Eastern Europe. Even though the paper adheres to findings of others, we would like to use this concluding chapter also to engage in a bit more interpretative and speculative work, especially as it relates to the very recent developments in Ukraine and the Arab countries.

While the Soviet Empire appeared to be rather monolithic from the outside, this belied enormous internal diversity. Nations that were bundled together between 1945 and 1989 ranged from formerly highly developed market democracies (e.g. Czechoslovakia) to ethnic groups that had never been part of a modern state prior to their conquest by the Russian Empire (parts of Central Asia). This diversity was overlaid by a common political, economic and administrative template, but the communist regime never succeeded in homogenizing individuals and societies into the common *Homo Sovieticus*. It is therefore logical than once the external constraints were removed, post-communist nations began to immediately diverge in their policy developments.

In the paper, we explored the directions which various post-communist countries took with regard to public administration. We addressed eight key issues that were relevant in the former Soviet Empire.

The first issue is continuity and discontinuity in politics and public administration. Each government faced a dilemma between sustaining capacity and removing loyalists of the previous regime. We examined what structural steps post-communist countries took to purify their public administrations of loyalists of the previous regime. Ritual purification of the public sector from persons who have collaborated with the regime can happen (to a limited extent) - as shown by countries of Central and Eastern Europe. In those countries, this happened not just for political positions, but also for selected positions in public administration. However, this process requires access to secret service files and the political will to adopt the relevant acts and implement them. Some authors argue that the process of dealing with the dictatorial past has an impact on building a stable, legitimate democracy. Nonetheless, even if we look beyond the post-communist experience to the de-Nazification efforts in the aftermath of World War II, we see that a quantitatively large-scale cleansing of public administration personnel (communists, Nazis or collaborators) did not occur in either case. Thus, we can only speculate how much difference was made by the limited 'ritual' purification that did occur in some countries. We know that countries that were more active on this front were also the same countries with the most successful transition in terms of political and economic development. However, such correlation does not prove causation.

The second issue is the relationship between public administration, policy and politics. We show the complicated interaction between democratization and the 'neutrality' of public administration. The end of the communist regime brought a need for civil servants to become simultaneously both more and less political. 'Politicization' in terms of policy development where, previously, even senior civil servants were largely responsible for implementation of policies developed by organs of the Communist Party. De-politicization in terms of a shift from political and clientelistic decisions about recruitment and promotion to a more neutral, meritbased system. It is therefore important to distinguish between functional politicization (recruitment of technocratic/professional staff done directly by politicians) and patronage (employment based primarily on party affiliation). Attempts to institute a firm barrier between politics and administration in personnel matters have been strong in many countries, due to EU pressures, but frequently unsuccessful. Many countries passed new civil service legislation, but the level of civil service politicization continues to be relatively high. In building policy capacity in ministries, the region has experienced partial successes of specific ministries or other elements of public administration demonstrating measurable improvement, but a system-wide improvement proved to be elusive, with only a small number of success cases. As for strengthening the policy role, it is important to emphasize the pivotal role of a reformed and strengthened centre of government institutions (such as state chancelleries).

The third issue is the experience of the post-communist countries with one of the most sweeping types of public administration reform – decentralization. We found that decentralization and its sustainability are conditional on successful democratization, however the administrative capacity of sub-national governments and the administrative and compliance costs of decentralisation must be taken into account when assigning expenditure among levels of government. Since decentralization changes power relations in a country and provides for alternative loci of power, autocratic countries do not implement genuine decentralization and, in cases when democracy is rolled back (e.g. Russia), decentralization tends to be rolled back too. There is no clear evidence on the regional/local economic development impact of decentralization. It appears that rather than how the decentralization is done is more important than the fact of the decentralization itself. Decentralization can be successful as a conflict mitigation project in countries with ethnically mixed populations, particularly if the different ethnic populations are spatially distributed in a way that allows for clear division of regions/ municipalities.

The fourth issue is how post-communist countries change the organisation of their public administration, particularly with regard to attempts to decrease its size and cost and improve its efficiency. There have

While the Soviet Empire appeared to be rather monolithic from the outside, this belied enormous internal diversity. Nations that were bundled together between 1945 and 1989 ranged from formerly highly developed market democracies (e.g. Czechoslovakia) to ethnic groups that had never been part of a modern state prior to their conquest by the Russian Empire (parts of Central Asia). been several types of structural reforms conducted in the post-communist countries from privatization, decentralization, agencification to downsizing of the state administration. The choice of an alternative has profound political implications as it influences the distribution of power among national politicians and managers (autonomous agency), local politicians (decentralization), shareholders (privatization), activists and elites. Downsizing has been achieved by several methods. This can start with 'big bang' changes in organisation through across-theboard cuts to functional reviews that helped to eliminate redundant functions, to reduce duplication between and within institutions, rather than adding missing functions and rationalising the distribution functions. Autonomy for an agency is meaningful if a clear formal or informal contract between politicians as repositors of a public mandate and an agency can be written. Such a contract needs to be internally consistent and robust. It is worth remembering that while the size of the state diminished considerably in nearly all post-communist states, this is not necessarily true for the core public administration, which often expanded in size due to nation-building, EU accession and decentralization at the same time as it reduced many of its previous activities.

The fifth and sixth issues have to do with human resources in public administration. We started by looking at how countries built human capital in public administration – training, recruitment and pay. The ambition to change the people who staff public administration – whether by bringing in new individuals or changing the skills and behaviour of existing employees – was a crucial part of the new vision of public administration in post-communist countries. We examine both general approaches to civil service reform and some key specific issues. The trends related to personnel policies could be tracked in many CEE countries, with shifts in the following areas:

- 1. From a relatively closed system (not Weberian but patronage) to an open one,
- 2. From a centralized to a decentralized system,
- From institutional to more individualistic responsibility for careers and
- 4. From providing vertical advancement opportunities to providing alternative career paths.

The experience of CEE countries shows that instability in the public service, combined with high levels of decentralization and weak coordination systems, is a major risk to effective policy design and implementation. Therefore, it is important to achieve a healthy balance between the decentralization of functions and the central steering of personnel policies. Performance management and performance pay are easy to introduce, but difficult to introduce well. The issue is not just measuring performance, but retaining public trust that the system is fair.

This is followed by an analysis of representativeness of public administration. In the case of post-communist countries, ethnic minorities and gender equality are particularly relevant. While women had a high level of participation in public administration during the communist times, this was markedly less so in senior positions. After the fall of communism, there was a 'patriarchal renaissance' in some countries, accompanied by higher unemployment rates for women, although this was by no means universal. In reaction to this and as a part of EU accession, several countries started to invest in proequality measures and better gender balance. Change of the formal rules, e.g. in the form of anti-discrimination laws, can be adopted relatively easily, but their real implementation in society is harder to achieve. This is relevant especially in highly conservative countries. Accession to the EU supported the adoption of the EU gender policy framework, but it does not necessarily lead to its implementation.

With regard to ethnic minorities, the issues of linguistic and ethnic differences have often been important elements in the transition process and democracybuilding in the former communist countries. Although many of the former communist countries did not avoid military conflicts to deal with their minority issues, when building democracy they had to adopt minority policies providing different types of minority rights. The EU has supported the emergence of 'consociational' democracies based on power-sharing between political arrangements that accommodate ethnic cleavages. That is the case especially in the CEE countries.

The seventh issue is corruption and how to control

it. Widespread corruption was commonplace both in communist and post-communist regimes, but the nature and manifestation of the phenomenon changed – from personal, clientelistic networks focusing on resolving scarcity, to large-scale monetary corruption involving

Previously on display in the center of Bucharest, a statue of the Romanian communist leader Petru Groza lies next to the Mogoşoaia Palace, known as "the grave of Lenin" and thus chosen as the place to abandon old symbols. (Photo: Wikimedia Commons/Ferran Cornellà)



appropriation of rents from public services, privatization, public procurement, inter alia. Results differ, though. Post-communist countries with the lowest levels of corruption, such as Estonia and Slovenia, have low levels of graft comparable with the average of 'old' European states. The most afflicted countries, e.g. Central Asia, are among the worst afflicted in the world. History and geography are not destiny - while corruption scores tend be similar for neighbouring countries, an example of Georgia shows that a country can 'shoot' significantly above the sub-regional average if it is determined enough. The most successful strategies focused on structural reforms to remove opportunities for corruption, increasing the likelihood of uncovering corruption and punishing corruption more effectively. This does not have to mean only privatization and liberalization, but can also involve user fees, clear rules for decisionmaking or allocation of goods and transparency to facilitate better outside verification of rule compliance.

The last issue concerns the sustainability of changes in public administration. This serves as a reminder that the success of the reform is not only in undertaking the reform, but also in making it sustainable. Sustainability in general and specifically in the case of public administration reform is not guaranteed. Securing the support of existing powerful constituencies or the creation of new ones is necessary to ensure a political environment that facilitates reform or at least does not block it. It is not necessary for the whole government to fully support the reforms as long as the reforms hold some of the key positions for defending and developing the reforms. For successful and sustainable public administration reform, the provision of financial and human resources is vital, together with building a central management capacity that has not only political support,

but also sufficient technical capacity. In combination with a favourable political environment, they form a set of necessary conditions. Policy transfer and 'copying' of reforms tends to happen in the early phases of the reform and is, to some extent, natural when engaging on a totally new path. When better policy capacity is developed in the country, different policy solutions can emerge and local ownership becomes more and more prominent and solutions become more and more customized.

Based on developments along these eight "axes", we can roughly group the post-communist countries into at least three groups:

- European Union members, which, despite all the imperfections, became members of the European administrative space. This included far-reaching structural and personnel changes in how government operates. In these countries, public administration operates in a relatively consolidated market and democratic environment.
- Countries in the 'European orbit', which share with the first group, a commitment to democracy, market economy and eventual EU membership. However, the speed of reforms and their depth and success have generally not been equal to the first group.
- The post-Soviet administrative space, where the degree of continuity from the Soviet period is relatively high, both in terms of formal and informal institutions of public administration. The public administration also operates in an unconsolidated democracy or in an autocracy. This has not prevented partial modernisation efforts, but there has been only limited overall impact. In several countries, 'retraditionalization' has even been observed.

Annex The recent history of central and eastern europe and the former soviet union: A short primer

Introduction

This Annex provides a short summary of the economic, social and political development in the region of Central and Eastern Europe (CEE) and the former Soviet Union (FSU) from the pre-communist period to the present day. The main aim is to provide the reader with sufficient background information to understand particularities of the transition in the post-communist countries. The Annex first provides a summary of pre-communist development of the countries in the region of CEE and looks at the impact of the totalitarian system on the economic development and social structures of these countries. Then it discusses the different paths of transition adopted in the wake of the demise of the Union of Soviet Socialist Republics (USSR) and the Eastern Bloc. In the context of transition, it also discusses options for public administration modernisation

To begin with, it is crucial to define the main terms used here. It looks at the group of countries broadly defined as the Eastern (or Communist) bloc, which includes the following groups of countries: German Democratic Republic (GDR or East Germany), Slovak Republic, Czech Republic, Hungary and Poland, Eastern Balkans (Bulgaria and Romania) and the countries of the former Soviet Union (FSU), consisting of the Baltic states (Estonia, Latvia and Lithuania), the Caucasus region (Georgia, Armenia and Azerbaijan), Central Asian republics (Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Kazakhstan), together with Russia, Ukraine, Belarus and Moldova (Goldstein and Vanous, 1983). The Socialist Federal Republic of Yugoslavia (Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia and Slovenia) can also be included in the broader definition of the Eastern bloc, although there was a notable political split from the Soviet Union after the 1950s that caused Yugoslavia to become one of the founding members of the Non-Aligned Movement. Therefore, the Communist bloc includes a variety of ethnic as well as cultural groups that have different political histories. Besides the Slavic group of countries, the Turkic population forms a substantial part of the population in the region of Caucasus and Central Asia (Fidan, 2010). Lastly, there are Baltic and Finno-Ugric ethic groups present in the Baltic countries. The ethnic division is complemented by the religious differences between Muslim and Christian countries and further between different Christian denominations (Kiselyov, 1993).

Given this ethnic and geographical diversity, it is not surprising that these countries have different political histories that preceded their entrance into the Eastern bloc. Only some of the countries had a history of independent statehood prior to their integration into the sphere of Soviet influence. Before the Treaty of Berlin in 1878, the entire region analysed in this chapter was under the control of the four major powers in the region: the Russian Empire consisted of modern-day Russia, Ukraine, Belarus, the Central Asian republics, the Transcaucasus republics and the Baltic countries including a part of modern-day Poland; the Austrian-Hungarian Empire controlled the modern-day Slovak and Czech Republics, Hungary, Croatia, Bosnia and parts of Romania and Poland; the German Empire included parts of Poland; and the Ottoman Empire controlled Romania, Bulgaria, Serbia and Montenegro until 1878, when these four countries gained independence (Shaw and Shaw, 1977).

The Communist period

In the aftermath of the World War I, the Union of Soviet Socialist Republics (USSR) was established in December 1922, largely on the basis of the former Russian Empire. Other countries of the region that gained independence in the aftermath of WWI were Czechoslovakia, Poland, Latvia, Lithuania, Estonia as well as Hungary, which had had substantial autonomy since the Austro-Hungarian Compromise (Sluga, 2001). A separate case was the creation of the Kingdom of Yugoslavia, which was formed by the previously independent Kingdom of Serbia and the provisional State of Slovenes, Croats and Serbs (based on the former South Slavic territories of the Austro-Hungarian Empire). All of these countries remained outside the Soviet influence until after World War II. Only four of them had a more substantive experience with the democratic form of government, namely the Czechoslovak Republic and the three Baltic republics of Latvia, Lithuania and Estonia, during the interwar years, although with minor problems in the quality of the democratic system in the latter part of this period (Misiunas and Taagepera, 1993; Feinberg, 2002). Poland, Hungary, Romania, Bulgaria as well as the Kingdom of Yugoslavia spent most of this period under autocratic rule (Morris, 1980; Bermeo, 1997).

The lack of common historical development was associated with different levels of socio-economic development in these countries in the pre-communist period. The Central European countries and the Baltic States were overall the richest and most developed regions during the first half of the 20th century. In Central Europe, Czechoslovakia led the region in terms of economic development ahead of Hungary and Poland. This is in contrast to the Central Asian republics, which constituted the poorest region of the Soviet Union, predominantly rural with weak infrastructure and industry. This had a crucial impact on the post-Soviet transition in terms of economic reform as the Central Asian region was the one with no experience with market economy or any other form of economic organisation apart from the collective system of the Soviet times (Djalilov and Piesse, 2011). Together with the lack of independent statehood and democratic tradition, the experience of the pre-Soviet market transformation did have severe consequences on the speed and nature of transition. Alongside the economic differences, social and ethnic conflicts which were frozen during the Communist times resurfaced after the demise of the Eastern bloc.

Having briefly outlined the pre-communist situation in different regions of the Soviet Union, it is important to analyse the impact of the Soviet totalitarian system and its various phases, which took different forms in terms of the scope of control exerted from the top. Having mentioned above how Central Asia and Transcaucasia became part of the region, the countries of Central and Eastern Europe 'joined' the Eastern bloc through a series of elections after 1945, combined with the military strength of the Communist parties that had destroyed the opposition or through careful tactics of slowly gaining power through electoral means and then police control (Morris, 1980).

The main aspects of the system of control in the Eastern bloc stemmed from the Stalinist policy based on the Marxist-Leninist ideology that defined the Soviet Union from its early days (Brzezinski, 1963). The founding feature was that the Communist Party took over all aspects of life in the country – economic, political as well as social. This resulted in subordination of all aspects of life under the control of the party (Kolář, 2012). The forceful collectivization and nationalization, destruction of political opposition and alien social and cultural influences were even further strengthened by the attack of the Communist Party on religious and other authorities that could weaken its social position and undermine its control (Kramer, 2003). This was valid for the Soviet Union from its early stages through the end of World War II. The annexation of the CEE region into the Eastern bloc in the aftermath of WWII led to the expansion of the sphere of Soviet influence. This position of the Communist Party is in stark contrast with other autocratic regimes, where state control tends to limit itself to the political apparatus.

The style of the totalitarian rule was intensified by the personality of the leaders of the Communist Party in the Soviet Union. After the brief period of consolidation of power including the Civil War between 1917 and 1922 and the death of Vladimir Lenin in 1924, the personality of Josef Stalin defined the nature of the political and social system until his death in 1953. The main element of the Stalinist period, still present in latter periods of Soviet

rule to a certain extent, was the drive to divide the society between the forces of good and evil (those who fulfilled the Soviet ideal and the rest), thus justifying the massive purges taking place in the society (Kolář, 2012). During the Stalin-era, these purges were extended even among those loyal to the communist cause, being based purely on power, irrational suspicion and paranoia centred on the leadership of the country (Tumarkin, 2011).

The death of Stalin brought a thawing to the overall political system, particularly through condemnation of the personality cult of Stalin and revised policies of international communism, allowing for greater freedom in terms of approaches to socialism in different countries (Brzezinski, 1963). On the domestic front, the 'thawing' was represented by a recognition of the purges and rehabilitation of some victims (Mikhaleva, 2010). Khrushchev's policy was reversed by Leonid Brezhnev who reinstated the need for more direct control of the countries of the Soviet bloc (e.g. the intervention in Czechoslovakia) but also coupled with further expansionist attempts, such as the war in Afghanistan (Loth, 2001; O'Sullivan, 2009). Domestically, Brezhnev clamped down on the liberating processes and cultural freedom and combined it with the slow but visible return of the personality cult towards the end of his rule. However, the totalitarian features that permeated the Soviet system started to decline due to the Kremlin's gradual decline in credibility (Reddaway, 2012). After Brezhnev's death, followed by two very short-termed leaderships of Andropov and Chernenko, Mikhail Gorbachev, facing an economic crisis coupled with growing discontent, introduced the economic reform perestroika and greater political openness under the name glasnost, which were not to the great liking of the traditional cadres who expected his leadership to be short-lived (Gati, 1987). The changes

that Gorbachev instigated led to the unchaining of the forces that he could not control, which in turn led to the break-up of Soviet Union and the collapse of Communist control of these countries.

One of the underlying processes, starting roughly in the period of the 1960s and 1970s, is the growing rigidity and unwillingness to reform of the political elites in the Communist parties of the Eastern bloc countries. The gradual economic stagnation combined with little willingness to engage in economic or social reforms kept the elites out of touch with the actual situation of the countries they ran. This can be best appreciated by considering the reactions of the leaders in the satellite states to the economic and political reforms introduced in the Soviet Union. Romania under Ceausescu explicitly resisted any reform; East Germany also evaded any reform initiatives, with Bulgaria and Czechoslovakia pledging to undertake economic but not political reforms (Gati, 1987).

In terms of economic development, the short-lived successes of industrialization helped boost overall economic output of the Soviet Union, though a huge price was paid in terms of human as well as economic capital. However, economic stagnation set in as early as 1960 and revealed the chronic illness of the Soviet economy (Mikheyev, 1981). This had enormous impact on the social indicators and development of the satellite states, especially in comparison to the neighbouring states outside the Eastern bloc. The one social indicator where there was some 'success' was the Gini coefficient, which, compared to post-communist development, was considerably lower in the communist bloc countries (Bandelj and Mahutga, 2010). Overall economic development lagged far behind that of counterparts outside of the Soviet bloc, which can be demonstrated by the GDP per capita data from OECD, which show the levels in the post-Soviet states far lower than those in their western counterparts (OECD Statistics, 2013).

The final feature of the Soviet bloc that ought to be mentioned before discussing the post-Soviet development is the use of force by the USSR to control its sphere of influence, notably through interventions in Hungary in 1956 and Czechoslovakia in 1968 (Schiermier, 2009). This approach exemplified the above-mentioned imperative for international revolution. Moreover, the Soviet system inherited a number of nationalistic conflicts that became frozen for 40 to 60 years. With the diminishing grip of central control over the peripheral regions, notably the Baltic and Transcaucasia region, but also the CEE region, the pre-Soviet nationalist issues started re-emerging with greater force (Macek-Macková, 2011). The main issues stemmed either from the Russian occupation, leading to the feeling of resentment to the immigrant Russian community, as was the case in Latvia and Estonia, or from earlier ethnic issues, such as the nationalist conflict between Armenia and Azerbaijan, or ethnic tensions in Central Europe (Brüggemann and Kasekamp, 2008; Shaffer, 2009).

Transition developments

The post-1989 development took many different directions in terms of economic, social as well as political reforms. Perhaps the main aspect is the newly established (or re-established) statehood and nation-building in the former Soviet Union, Czechoslovakia and Yugoslavia, which all fell apart between 1991 and 1992. Due to the historical differences explained above, researchers have noted a difference in the post-1989 institutional development between the countries, which were part of the Former Soviet Union (FSU) and the countries that formed the part of the external empire in CEE (including the Baltic republics that were formally incorporated into the Soviet Union). The post-Soviet countries still maintained (often to this day) the conceptual and institutional legacy of the Soviet Union, while the CEE countries returned to their pre-Soviet institutions and practices that made the democratic transition less vulnerable to the misuse of power and the reversal to autocratic or semitotalitarian regimes (Ilonszki and Olson, 2011). There was a certain level of spillover of the more thorough political reforms in CEE into the FSU countries , for example, in the form of the short-lived 'colour revolutions', but it was often offset by other factors (Kramer, 2003).

One of the main sources of conflict in the FSU countries, particularly in the Baltic region, but present at a lower scale in other countries, was the treatment of the considerable Russian minority that was viewed as an alien population, leading to the often harsh treatment through citizenship or language laws (Brüggemann and Kasekamp, 2008).

Another problematic aspect was the rebirth of the former nationalist/territorial struggles that led to a series of armed conflicts and even civil wars. This was complemented by regional conflicts that often destabilized entire regions such as the conflicts in Abkhazia, South Ossetia, Transdniestria, Nagorno-Karabakh and Chechnya or the civil war in Tajikistan (Lebedeva, 1996; Tishkov, 1999). However, the most prominent example of the ethnic-based conflict was the series of wars between the republics of the former Yugoslavia (particularly in Bosnia and Herzegovina and Serbia/Kosovo). These conflicts had widespread effects – economically, socially andpolitically. Economically, these regions were often decimated, with the deterioration of social capital and support, enabling a tighter political grip by authoritarian governments that can feed off this form of social division and the atmosphere of military threat (Nelson, 1990; Lynch, 2005). In comparison, the ethnic frictions in the CEE region have usually been resolved without any form of military confrontation. There is a substantial risk of post-transition ethnic conflicts in regions that undergo such economic, social and political change.

In terms of economic transformation and reforms undertaken in the transition process, there were a number of different paths adopted by the CEE/FSU countries. In general, most of the CEE countries adopted a policy of intensive system change in the first half of the 1990s, which led to a short period of depressive economic conditions, followed by a resumption of growth, but also by a less-intensive adjustment period in the second half of the decade (Giannaros, 2011). In other words, things nearly always got worse before they got better. Greater differentiation of the CEE countries in terms of the extent of further reforms came in the late 1990s and 2000s, with further economic reforms including the introduction of a flat tax and reform of the social security provisions being introduced in some countries, namely Slovakia, Estonia, etc.

This is in contrast to the continuing high level of state involvement and uneven market reforms in FSU countries in the 1990s. Some countries, for example Russia, undertook ambitious market reforms, but these were, to some extent undermined, by a lack of secure property rights and the reassertion of political and state control
in the 2000s. In some of the Central Asian countries, the reforms were extremely slow and have not yet matured, as reflected, for example, in the EBRD Transition Index.

This problem of slow transition in some of the FSU countries was intensified by the gradual return to traditionalism under the authoritarian regimes of the Central Asian republics or in the Russian Federation, Ukraine and Belarus. Part of this movement was due to Russia's policy of regaining its position as the traditional security partner of the quasi-autocratic leaders in the Central Asian and Transcaucasia region (Allison, 2004). This process was combined with the overall rejection of modernisation processes and a return to the traditional or patriarchal rule of the past, associated with little economic modernisation and the re-emergence of the traditional authority of clan connections (Kubicek, 1998).

In contrast, the CEE countries all instigated institutional changes in the form of economic and political reforms that were required by the European Union as a part of the EU accession process (Lightfoot, 2010). Many of these reforms required a radical break with the state control of various sectors of the economy as well as new checksand-balances in the political process and the protection of the rights of individuals and minorities. For 10 countries, the accession process ended with the two rounds of EU enlargements, first in May 2004 and then in January 2007. However, the rest of the post-communist countries still find themselves in different stages of relationship with the European Union. Croatia joined the Union in July 2013; the rest of the Balkan non-members are in various stages of the accession process; while the nonmembers from the former Soviet Union are not formally on the membership track, but usually have a sort of association agreement with the EU.

Similar developments could be observed with respect to NATO membership, where most (although not all) Central and Eastern European countries and the Baltic states became members, but none of the other former Soviet Union republics has joined.

The current crisis in Ukraine might change this calculus for EU and/or NATO membership of various post-Soviet countries, but it is far from clear how and when.

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