

POLICY-MAKING & CO-ORDINATION AT THE CENTRE OF GOVERNMENT (Issue No. 5)

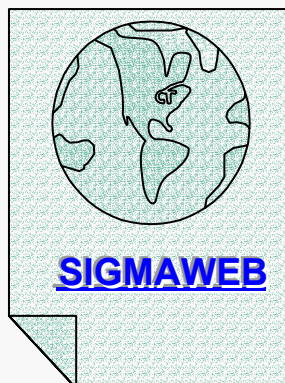
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Next Update
December 2004
will focus on

CEE/SEE Network of Senior Budget Officials



► STRENGTHENING THE ROLE OF THE GOVERNMENT OFFICE IN POLICY-MAKING AND CO-ORDINATION¹

In OECD Member countries and in all developed western democracies, the centre of government — and the Government Office² in particular — is a crucial player in policy development, policy co-ordination and policy evaluation. It is in fact the guarantor of a cohesive governmental policy in line with set governmental priorities.

Most of the new EU Member States in Central and Eastern Europe³ have, after some hesitation, understood the necessity of setting up

a strong co-ordination centre for policy-making and have therefore seriously reformed and strengthened their Government Office (Chancellery). These reforms have enabled these offices to fulfill — to a large extent — the responsibilities of a modern government office.

The majority of Western Balkan countries, on the contrary, are not yet fully aware of the important role that the Government Office (government secretariat) plays in the reform process. The prevailing conception of their tasks remains purely administrative, i.e. as being responsible for executing the orders of the government or the minister. The exception to this rule is often the ministry or directorate in charge of European integration, but this ministry cannot replace a functioning government office, and if it tried to do so, might even create an imbalance among ministries.

The complexity of modern government — in terms of both subject matter and organization — necessitates a focal point for co-ordination. This is the main responsibility of the Government Office. The Government Office is primarily a co-ordinating body, whose main job is to make the diverse activities of individual ministries and agencies work effectively and coherently. It is a fact that in recent years OECD Members have experienced a growing need and a growing difficulty to achieve policy coherence. The reasons are many and varied, including the need to manage and maximize the effectiveness of limited resources in the face of rapid and continuous change, which requires flexibility; the interpenetration of international and domestic policy domains, which requires the management of multiple layers of policy-making; the information explosion, which has multiplied the number of actors in the policy arena and fostered policy fragmentation.

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¹ This article is based on the new Sigma publication, *Co-ordination at the Centre of Government: The Functions and Organisation of the Government Office* (Sigma Paper No. 35, September 2004), prepared by Sigma expert Mrs. M. Ben-Gera.

² The “Government Office” is a generic term referring to the institution(s) at the centre of government responsible for supporting the Prime Minister and serving the Council of Ministers as a collective decision-making body.

³ In May 2004, ten countries became EU Member States, eight of which are CEECs (central and eastern European countries).



These difficulties are necessarily even greater in transition countries, as the reforms required to adapt to a market economy and harmonise with the EU are quite significant, calling for more than just some evolutionary changes. Adequate co-ordination is therefore of utmost importance for these countries. Reforms undertaken are often coupled with external conditionalities and treaty obligations. These restrictions inevitably lead to a high production of sectoral policies and legal acts, which may very well be contradictory or have unforeseen detrimental impacts on some economic sectors or groups of society. It is impossible to overemphasize the fact that the complex requirements of the Stabilisation and Association process and — even more so — of EU accession and membership call for well developed policy co-ordination, monitoring and evaluation capacities, not only at the centre of government but also in each ministry.

In Western Balkan countries Government Offices carry out very few of the co-ordination functions that are usually the responsibility of Government Offices in western democracies. Government Offices in SEEs still have virtually no professional policy advisory role, but it is important to note that the same situation prevailed just a few years ago in CEECs. The Offices are responsible for co-ordinating the preparation of sessions of the Council of Ministers, although this function is generally understood in a very administrative way. In addition, they are in charge of co-ordinating legislative activities to ensure legal conformity and constitutionality; this task is allocated either to the Government Office or to a special legislative secretariat. Finally, the Prime Minister's Office, which is mainly — in administrative terms — part of the Government Office, is charged with co-ordinating the government's communications activities. However, the tasks of ensuring the coherence of a governmental message and adjusting the timing and content of ministerial messages are in some cases still not considered to be a crucial part of this co-ordination function.

In the past decade, Government Offices in CEECs have become more and more similar in functional terms to the Government Offices in OECD countries, while Government Offices in Western Balkan countries lag behind in the performance of some functions, especially those related to planning and policy co-ordination. These missing functions are mainly:

- co-ordination of the preparation and approval of the government's strategic priorities and work programme, and of ensuring their link to the budget;
- co-ordination of the policy content of proposals for decision by the Council of Ministers, including the fit of proposals with each other and with the government's priorities;
- co-ordination of the monitoring of government performance to ensure that the government collectively performs effectively and keeps its promises to the public;
- co-ordination of specific horizontal strategic priorities, such as public administration reform, European integration, or intergovernmental relations in federations.



Government Offices vary significantly in their structure, but these variations hide fundamental similarities. The majority of Government Offices are headed by a minister or secretary general (who is appointed either by the government or by the Prime Minister). In the majority of cases, the Secretary General (even if he/she is a civil servant) is subject to replacement when the Prime Minister changes. Most Government Offices handle both the direct political and logistical support given to the Prime Minister and the support provided to the Council of Ministers as a collective body. In some cases, there are two separate organisations, while in others there is only one, but with an internal distinction between civil servants and political appointees.

A major issue of concern for transition countries is the staffing of Government Offices. The small number of professional, permanent staff limits considerably the co-ordination capacities of the Office. In addition, the frequent turnover of political appointees in the office hampers the development of institutional memory and the implementation of necessary medium-term and long-term reforms.

The challenges of developing a functioning market economy, meeting the requirements of the Stabilisation and Association process and, in particular, becoming an efficient and proactive member of the European Union require staff — in the Government Office as well as in ministries — who have the capability of going beyond the simple application of rules. They must be able to develop policy options and provide substantiated judgments concerning the consequences of these options. Ministerial staff need to improve their capacities of policy analysis and evaluation so as to be able to give professional policy advice to individual ministers. Staff in the Government Office in particular have to ensure that the Council of Ministers is informed in advance of the possible consequences of a given proposal and its compatibility with the government programme.

To achieve this goal of capable human resources, a change in the administrative culture in transition countries is obviously needed. Civil servants who are proactive and see themselves as neutral and professional policy advisors to the minister or to the Council of Ministers are still a rare commodity in transition countries and even in some of the new EU Member States.

It would help if the Prime Minister and the Council of Ministers seriously supported the strengthening of the Government Office's role and at the same time relied more heavily on civil servants as professional and neutral advisors. When comparing new EU Member States, it is apparent that thorough reforms of Government Offices have led to more comprehensive reforms. At the same time, these countries seem to be better equipped to cope with the challenges facing them.

NEW SIGMA PAPER

Sigma has just published Sigma Paper No. 35 on ***Coordination at the Centre of Government: The Functions and Organisation of the Government Office***. This publication is available on the [Sigma web site](#)

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► **REFORM OF THE GENERAL SECRETARIAT OF THE GOVERNMENT OF THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA⁴**

Strategy for Reform of the Public Administration

The reform of the public administration in Macedonia is a process that has been underway for the past seven to eight years. This process has turned out to be a slow one, by its very nature but also due to the effects on Macedonia of the events in the region during that period, i.e. the NATO intervention in Yugoslavia, and the subsequent internal crisis in Macedonia.

Nevertheless, by 1998 the course of the reform process had already been set and numerous activities undertaken. The main guideline and determinant of this process was the objective of enabling the Macedonian administration to reform and modernize, while acquiring and practicing European administrative standards.

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In 1999 the Macedonian Government adopted the Strategy for Reform of the Public Administration, a document praised for its high quality and comprehensiveness. The Strategy is still valid and applicable. Immediately following the adoption of the Strategy, the government set up the Commission for Reform of the Public Administration, headed by the Minister of Justice, with the main task of preparing and implementing the first Action Plan in line with the Strategy. The Action Plan was finalised, but its slow implementation meant that reform progress was not as great as had been envisaged.

As part of the Action Plan, a significant amount of work was carried out to reform the legal framework, resulting in the passing of three laws regulating the civil service: Law on the Government, Law on the Bodies of the Government, and Civil Service Law. The Agency for Civil Servants was established.

Focus on Developing the Role of the General Secretariat

A very quiet period followed, and in that gap only one strand of the reform was pursued, namely the thorough, consistent and focused efforts to reform the General Secretariat of the Government. Functional analysis of the General Secretariat was carried out in 2000-2001, followed by active work on elaborating the strategy for the reform, so as to better adapt to changing needs and to introduce modern, effective operational practices. This work resulted in the Strategic Plan for the Development of the General Secretariat of the Government (2002). The Plan abandoned the old ways of operating and aimed to introduce a more proactive and leading role of the General Secretariat in the state's policy-making — ensuring the coherence and sustainability of all public policy — as well as its active participation in the process of European integration.

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⁴ The United Nations has decided that “the former Yugoslav Republic of Macedonia” be used as the provisional reference of the country in international relations. In order to respect the correct references for national documents and institutions cited in the text, the country is referred to, hereafter, as the Republic of Macedonia.

The Strategic Plan for Development of the General Secretariat — and its supporting documents — was eagerly embraced and even survived a change of government. The Plan served as a tool for developing the role of the General Secretariat, setting the basic objectives and priorities as well as the steps to be taken for their achievement, and at the same time ensuring the complementarity of these steps with parallel reform processes. The course set by the Plan is still pursued today, although its initial time frame has been exceeded.

Implementation of the Strategic Plan for Development of the General Secretariat

The idea of transforming a body from a technical support service into a major co-ordinator of state policy — and even the main policy-maker — has constituted a challenge for all of the General Secretaries that have been in place during the past two to three years. The working group set up for the purpose of ensuring the implementation of activities set out in the Strategic Plan has achieved significant results in the past two years, irrespective of changes in the political environment and in the top positions within the General Secretariat. In more pragmatic terms, according to the Plan the main tasks of the General Secretariat were to establish priorities, linking them to the state budget, to plan the work of the government in line with these priorities, to prepare and co-ordinate policy development, and to ensure the implementation of decisions.

Steps to Ensure Policy Coherence and Co-ordination

One of the first steps taken under the Strategic Plan was the establishment of the Collegium of State Secretaries, which meets on a weekly basis to discuss and share topics and to agree on decisions and policies. The Collegium represents the place where policy coherence is achieved.

In parallel, changes were introduced in the Rules of Procedure of the Government to reflect the defined priorities, needs and means of achieving them, followed by other secondary legislation defining the institutional structure. Among the changes introduced were the reorganisation of units in accordance with the new definition of tasks and the establishment of two completely new sectors — the Sector for Strategic Planning and Monitoring and the Sector for Policy Analysis and Co-ordination. These two crucial sectors have the task of ensuring the co-ordination, coherence, and capacity-building related to policy-making and policy implementation throughout the republic. The work of these two sectors is linked to the country's main priority: EU integration. The Sector for European Integration (SEI), placed from the very beginning within the General Secretariat, is the main co-ordination body for operational implementation of the EI process. This institutional set-up represents a crucial achievement, as it ensures the three "c"s: coherence, co-ordination and complementarity in policy creation, decision-making and implementation.



Establishing Strategic Priorities through the Annual Programme of Work

The next step in implementing the Strategic Plan was the elaboration of a Methodology for Preparation of the Annual Programme of Work of the Government in 2004, which establishes the strategic priorities. The introduction of this practice — with an entirely new design and systematic approach — was a novelty that was undertaken, fulfilled and retained; it was, in essence, the needed breakthrough. Concomitantly, new practices were introduced concerning all items on the agenda of government sessions, such as the form for fiscal implications, verifying the priorities, planning and budgetary process; and the memorandum and accompanying letter, providing a unified and systematic approach to setting the agenda and ensuring internal co-ordination and consultation. Another practice, soon to be introduced, is the statement of compliance for law drafts, which will ensure the process of approximation of legislation to the EU *acquis*. Within this framework, the Macedonian administration is currently in the process of defining the activities that will implement strategic priorities for the period 2005-2007.

Reform and Reorganisation Processes in Parallel with the European Integration Process

Following the Thessalonica Summit of 2003, the European Partnership became one of the priorities for all Western Balkan countries aspiring to join the EU. The relevant bodies of the Macedonian Government — in particular the Sector for European Integration (SEI) — undertook the task of preparing an Action Plan to implement the European Partnership instrument. The Action Plan is at the moment in its final stage, i.e. adoption by the Government, and will subsequently become a binding document. The General Secretariat has taken an active role in its elaboration, ensuring complementarity of priorities and activities in the Plan with already established practices and the new *modus operandi*.

The reform and reorganisation processes within the General Secretariat have been followed and are continuing in parallel with the expansion and deepening of the European integration process. These processes have entailed complementary activities at the level of the central administration, including a functional analysis of the competencies, functions, organisation and capacities of ministries. These functional analyses were conducted in line with developments at the level of the General Secretariat, but the active role and responsibility for the analyses was with the state secretaries in each ministry. The analyses have resulted in a set of recommendations for each ministry, including the preparation of Strategic Plans for Development, which will provide concrete measures, steps and time frames; these Plans are now in the process of elaboration.



Expanding the Role of the General Secretariat in Public Administration Reform

Focusing back on the previously mentioned two new sectors in the General Secretariat and their important roles for the state, several new developments should be mentioned. The overall reform of the public administration had been, as mentioned above, in a dormant phase. Given the importance of linking this reform to the above-mentioned reforms already achieved and ongoing developments, a decision was taken to transfer responsibility for public administration reform from the Ministry of Justice to the General Secretariat. More precisely, a unit was created within the Sector for Policy Analysis and Co-ordination to ensure the links between the various processes underway in the country. Another new development in the same sector is the initiative of the SEI to create a governmental unit for co-operation with civil society to establish, foster and facilitate co-operation of state bodies on policy creation, law-making and implementation of activities with representatives of the civil, non-profit, and non-governmental sector.

The priority that the General Secretariat has set for itself in the autumn of 2004 is to staff the newly established sectors and their units and to focus on their capacity-building so as to ensure planning and analysis, including the use of deadlines and benchmarks. This process is ongoing and, as indicated in this brief overview, has already evolved and taken some new shapes. Such evolution will inevitably continue in the future, especially considering the current rapidity of changes and developments.

European Outlook as Impetus for Reform

Perhaps the greatest achievement in the past few years — besides the above-mentioned reform process and the European integration process — is the change in the way of thinking and in the culture of the working environment, not only within the General Secretariat but on a much wider scale throughout the civil service.

The past year has been a significant one for the Republic of Macedonia and its reform processes, marked by its application for membership in the EU, which was subsequently accepted by the European Council. The Council immediately entrusted the Commission with the task of preparing the Avis for the Republic of Macedonia. A very symbolic — yet real — step will be taken by the President of the Commission, Mr. Romano Prodi, when he brings to Macedonia on 1 October 2004 the EC Questionnaire for completion. These important developments constitute a major impetus for the Macedonian administration and have influenced — and will continue to influence — in a variety of ways the reform developments at both central and local levels. Accordingly, the future of the reforms and their adaptation remains firmly on the road towards achieving the principles and ethics required for efficient and effective functioning within the European administrative space.

Although it might seem that very little activity is taking place in the Republic of Macedonia with respect to the implementation of public sector reform, the above brief insight into just one fragment of that sector reveals a different, more optimistic and confident picture.

Ms. Buova would like to thank Mr. Sali Sali, State Counselor in the General Secretariat, for his advice and Mr. Dragan Tilev, State Counselor and Head of the Sector for European Integration in the General Secretariat, for his comments.



► INTER-MINISTERIAL CO-ORDINATION IN BULGARIA

All administrations, and in fact all bureaucracies, have co-ordination problems, stemming at first sight from the vertical structure of weberian organisations, but in reality from the desire of most human beings to create and preserve their individual autonomy in the way in which they carry out their tasks. It is thus necessary to carefully design co-ordination mechanisms that not only look at the process leading to the adoption of legal texts but also ensure a satisfactory consensus-building on the substance of policy-making.

The Bulgarian administration is no exception to this rule. One can observe, however, two very different situations.

On the one hand, the prospect of EU adhesion has put the transposition of the *acquis communautaire* so high on the government's agenda that an ad hoc system, specific to the process of adoption of EU legislation, has been put in place in order to facilitate and speed up the process.

On the other hand, as in many other European and transition countries, the decision-making and co-ordination system relating to other matters shows a need for strengthening and increased cohesion.

In Bulgaria the adoption of the *acquis communautaire* is processed through an extensive and sophisticated system, consisting of: a large number of working groups; close co-operation between the Directorate of EU Integration and the Ministry of Foreign Affairs and between the parallel directorate and the administration of the Council of Ministers (CoM); and a funnel committee at ministerial level (the "Council of EU Integration"). The Council of EU Integration in fact adopts the draft texts to be presented for final approval to the Council of Ministers, and these texts are exceptions to the common rule according to which drafts must be circulated for comment to the different concerned ministries and to the administration of the Council of Ministers seven days prior to the meeting of the CoM. They are presented to the Council in the first part of the agenda, and are adopted in one vote.

Other matters are dealt with either through the seven-day consultation process only or, depending on their importance or complexity, through ad hoc working groups, where officials from the various ministries meet and discuss the draft prepared by the leading ministry, with a view to reaching a consensus.

The system all in all is effective, and has the merit of fitting the traditions of the Bulgarian administration. In particular, the EU integration process is unanimously considered to work very satisfactorily and efficiently.

The Bulgarian Government is now considering taking steps to improve the "ordinary system" in order to remedy a few shortcomings:

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First, if a working group has not been established, the seven-day co-ordination period appears to be too short and in particular too close to the meeting of the Council of Ministers. In such a short time frame, comments made by other ministries or by the administration of the Council of Ministers may be received too late to be integrated, and if those comments are important enough, there is a risk that the process will start again from the beginning. "Councils", or permanent committees, have been established under the chairmanship of deputy prime ministers, but not all of them meet regularly. Expanding their number and making them examine and pre-adopt at least the most important texts, following the model adopted for EU integration, could remedy this problem.

Second, the directorates of the administration of the Council of Ministers could participate in the working groups so as to be able to provide comments at an earlier stage in the process. Although these directorates play an important informal role in the policy-making and text-drafting system, that role could be expanded to allow them to organise and lead the inter-ministerial co-ordination process, and to provide the Prime Minister's political office with policy evaluation and advice.

Third, the system is based on consensus-building, with the possibility of arbitration in the event of disagreement between ministries participating in the Council of Ministers. In practice, drafts that do not meet a consensus are not submitted to the CoM, which carries the risk of slowing down decision-making. However, informal consultations between members of the cabinet and the staff of their political offices can informally solve many disputes. Such an arbitration authority is attributed in most countries to the Prime Minister, who may delegate this power to his deputies or to the staff of his political office.

Fourth, the whole system, including the EU integration process, is geared principally towards the drafting and adoption of government programmes, laws and regulations. More attention could be given to co-ordination mechanisms at the implementation stage and in strategic planning and evaluation.

The last issue, concerning the need for co-ordination mechanisms, stems from the fact that since the beginning of the transition period, the majority of efforts and attention have been given to the huge task of harmonising Bulgarian legislation with the *acquis communautaire*, and this situation will prevail at least until accession. However, as progress is made in this area, the Bulgarian authorities' attention is shifting to actual, on-the-spot implementation of legislation. This implementation requires specific evaluation, planning and co-ordination mechanisms, which also need to be assessed and strengthened.

Bulgaria is no exception among transition countries as regards the specific problems it faces in its efforts to build a strong administration. Co-ordination in this respect is just one issue among others, and not the easiest one, but the government is aware of the urgent need to design, adopt and implement solutions to all other issues. This need constitutes a good reason to place co-ordination high on the government's reform agenda.

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ENHANCING THE CAPACITIES TO GOVERN: CHALLENGES FACING THE CEECS

In public administration theory and practice, the 21st century has been marked by a shift of emphasis from efficiency to effectiveness, due to the realisation that nothing is so expensive and unproductive as a badly-working civil service. In developing and transition countries, a productive civil service is even more important. Yet, in order for the public administration and “government” to work (and work well), “capacities to govern” must be developed. These capacities include capacities related to setting strategic direction, building capacity to implement policy, and building new ways of financing public goods and services, as well as — especially in developing and transition countries — to absorb funds and manage programmes.

Enhancing the Capacities to Govern: Challenges facing the Central and Eastern European Countries is a collection of selected papers from the NISPAcee 11th Annual Conference, held in Bucharest, Romania, in 2003. This publication contributes to the discussion on the nature of effective civil service, focusing specifically on the CEE region.

More information about this publication can be found on the [NISPAcee website](#)

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