The Capacity to Govern in Central and Eastern Europe

High Level Meeting

NISPAcee

Edited by
Martin Potůček

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Content

Introduction

The High Level Meeting, *The Capacity to Govern in Central and Eastern Europe,* was held under the auspices of the Prime Minister of the Czech Republic, Mr. Vladimír Špidla, in Prague on December 18-20, 2003. The event was jointly organized by the Network of Institutes and Schools of Public Administration and The Center for Social and Economic Strategies, Charles University, and co-sponsored by United Nations Department of Economic and Social Affairs and United Nations Development Program, Regional Support Center in Bratislava.

The main purpose was to bring together high-ranking civil servants from the ten Central and Eastern European countries (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia and Romania) who are preparing to join the European Union, and top academics (from both the West and the East) to discuss the problems and challenges of strategic governance in the region. Nevertheless, discussion alone would not suffice. Participants were supposed to inspire one other by bringing fresh, innovative ideas on how to adjust governance to the new challenges associated with the transformation from authoritarian political regimes and command economies to democracy and market economy, within the high demands of the EU membership and the challenges of globalization.

This volume comprises seven papers presented at the Meeting by the group of Western and Eastern scholars. Prof. Yehezkel Dror (The Hebrew University in Jerusalem, Israel), author of the influential Report to the Club of Rome "The Capacity to Govern" (London and Portland, OR: Frank Cass 2001), takes into consideration the global framework of strategic decision-making at the central level of government. Dr. Geoff Mulgan (The Strategy Unit of the Prime Minister's Office, Great Britain) presents approaches, methods, tools and skills that help his Unit underpin the strategic capacity of the UK government. Prof. Maria João Rodrigues (University Institute, Lisbon, Portugal) explains the purpose, goals and instruments of the EU Lisbon Strategy designed to modernize the European economies and societies up to 2010. Prof. Martin Potůček (Center for Social and Economic Strategies, Charles University in Prague, Czech Republic) interprets the results of the expert survey comparing the strengths and weaknesses of governance in seven Central and Eastern European countries. What follows

are national case studies analyzing various aspects of strategic governance in the three countries of the region. Dr. Annika Velhut (Tallinn Pedagogical University, Tallinn, Estonia) concentrates on the content, format, institutional framework and implementation path of the National Environment Strategy for Estonia (1997-2010). Dr. Radoslaw Zubek (Department of Government, London School of Economics and Political Science, United Kingdom) analyses the process of the transposition and application of the European Community law in Poland as the part of this country's preparation to join the European Union. Dr. Marius Profiroiu (Romanian Government) presents the content, institutional structure and implementation design of policy-making reform at the central level of government in Romania.

At the end of this volume you will find conclusions, which were passed at the end of the meeting. Its core message—how to utilize priorities, approaches, institutional frameworks and tools in addressing the enormous challenges governance will face in the future—is directed at the politicians, civil servants and scholars in the region.

I hope this volume will help to disseminate the knowledge that has been brought together at the Meeting around the Central and Eastern European region, encourage policymakers to realize the necessary reforms of public administration. I further hope to inspire researchers to involve themselves in new fields of research that will enrich our evidence of state-of-the-art governance in their respective countries.

Prague, March 2004

Prof. Martin Potůček
Guarantor of the Meeting, Editor of the Volume

The Welcome Address of Mr. Vladimír Špidla, the Prime Minister of the Czech Republic, at the High Level Meeting on The Capacity to Govern in Central and Eastern Europe

Hrzánský Palace, Prague, 18. December 2003

Ladies and Gentlemen,

Let me begin by saying how grateful I am for your kind acceptance of my invitation. Your willingness to share your experiences and views with other representatives of Central and East European countries about new forms of governance will allow us to meet both current and future challenges as we move forward.

In a way, this meeting is unique. This is not to say that I do not have the opportunity to meet with you – my counterparts from other countries of this region – through various political occasions. Nor am I saying I do not have the opportunity to consult my colleagues on questions of public policy and administration. But, here, we are meeting for the first time with representatives of the academic world in a collective effort to find the answers to well-formulated questions.

We know that people in top executive positions come under enormous pressure in solving operative tasks. We also know that their future depends largely on their ability to meet the immediate requirements of their contemporaries that project into their political preferences. Therefore, it requires all the more concentration and resolve on their part to tackle problems of strategic character that may come to fruition years or even decades later.

The radical rebirth that this region is experiencing will have significant repercussions for the future life of its population. We are bracing ourselves to join the European Union. We are facing globalization pressures that bring both hope and threats. All this calls for the existence of a competent government which would be able, even in these complex situations, to engage in a permanent dialogue with citizens, enforce vital reforms, use suitable instruments of governance, coordinate activities at various levels and manage unexpected developments. We

expect the members of the academic community to come forward with fresh and viable inspirations for real-time politics and administration.

Forecasting as a prerequisite of strategic management is one of the major topics for discussion. The art of forecasting, so it is said, is a telltale sign of intelligence. What kind of stimulation can one expect from our brain trusts? Are we capable of formulating comprehensive visions of the future? Can we really employ forecasting as a basis for setting developmental priorities for our countries? If so, how do we incorporate these priorities into our decisions so they reflect positively in the lives of our fellow citizens? How should we reform our central state administration to prepare it for meeting the challenge? I hope that together we will find at least partial answers to these and other questions.

I'd like to express my gratitude to all the people who have shared in the planning of this meeting. Above all, my thanks to Professor *Yehezkel Dror*, whose recent report to the Club of Rome – "*The Capacity to Govern*" – concerning the problems of governance at the start of the 21st century is the sum of knowledge to date. It is disconcerting reading, and rightly so, as it is a diagnosis of our actual and potential failures. Yet it is, at the same time, an instruction manual on avoiding such failures. Professor Dror was the first to suggest that we meet together and collectively consider specific requirements ensuing from the situation in this region. Also, I would like to thank the people from various organizations that helped arrange this meeting, especially Professor *Barbara Kudrycka,* President of the Network of Institutes and Schools of Public Administration in Central and Eastern Europe. My thanks go also to *Guido Bertucci,* director of UN DPADM/DESA in New York, and *Ben Slay,* director of UNDP RSC whose organizations provided financial support for this conference.

Christmas is, above all, a season of reflection and meditation. Let us reflect, and let us also consider how to prepare ourselves for the action that our countries and our fellow citizens rightly expect us to undertake. May our action not be slow to come!

I wish us all a successful meeting!

Strategic Brain for Central Goverment

by Yehezkel Dror

Strategic Brain for Central Government

Yehezkel Dror

The Hebrew University of Jerusalem

1. Governmental Future-Weaving

Different countries do, and should, engage in various degrees of future-weaving efforts. CEE countries are distinguished by the desire and the necessity to engage quite a lot in efforts to influence their long-term futures, as made essential by transition from communist regimes and command economies to democratic regimes and market economics, joining NATO and the European Union, and trying to move rapidly from underdevelopment to high development. Such future-shaping endeavours are all the more necessary and difficult in the present epoch of historic transformations and discontinuities dense with uncertainties and inconceivability, such as globalization, novel security threats, demographic shifts and more.

However important the role of private enterprises, civic society, various levels of governance and creative intellectuals, unavoidably central governments do and must fulfil crucial roles in self-transforming shaping of the future – including facilitating the activities of markets, civil society etc. Therefore, high-quality, future-weaving governmental core capacities are essential as a main part of capacities to govern, together with democratic power concentration, policy issue enlightened publics, high quality implementation capacities and more.[1]

But governmental efforts to give much weight to the future run into the fundamental contradiction built into democracy, with democracy meaning that all those influenced by governmental decisions should have a vote in electing the decision makers, but an unavoidable fact being that the next generations, though

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1 For detailed discussion, see Yehezkel Dror, The Capacity to Govern: A Report to the Club of Rome (London and Portland, OR: Frank Cass), hardcover 2001, softcover 2002.

impacted by present choices, are unable able to vote. This contradiction cannot but inhibit and often spoil future-shaping efforts by governments, unless balanced by strong public support for future-directed action, determined charismatic leadership which can mobilize public support for paying costs now in order to benefit the coming generations, strong governmental enclaves somewhat isolated from present pressures and more. These are not easy-to-satisfy requirements, though with an effort much can be done to surmount such barriers to future-aiming action, as illustrated by the structural adjustments undertaken successfully in many CEE countries and the decision to join the European Union with all associated short – and medium-term costs.

To move to more specific factors inhibiting strategic thinking and planning in governments, these include inter alia:

- Overload with current issues, needs and crises;
- Importance of mass media with its focus on the here and now – which pushes governments to engage more in "spins" at the cost of neglecting and distorting future-influencing efforts;
- Scarcity of stable political bases and fragmented parties;
- Need to gear for elections;
- Lack of essential material and human resources;
- Traumatized populations and elites;
- Weaknesses of public administration and other implementation machineries;
- In some countries, institutional – and also sometimes personal – corruption, which undermine both trust in government (essential for long-term strategic action) and the substance of such action.

Furthermore, influencing the future for the better with the help of deliberate governmental endeavour is substantively a very difficult endeavour, because of value disagreements, uncertainties, vague nature of problem spaces, complex interaction between many important variables, rapidly changing exogenous variables and lack of reliable theories on and valid understanding of future-shaping drivers and processes – all the more so in an epoch of ruptures in historic continuities.

Additionally, demographic changes, global economic and competitive shifts, increasing ability of fewer and fewer to kill more and more, rapid technological innovations and so on, pose challenges which have no "on the shelf" treatments, and which make past experience more of a hindrance than a help. What is, therefore, increasingly required is considerable creativity throughout society and much innovativeness in governments, but this contradicts the main features of most governments' machineris.

It follows that to engage, despite all barriers and difficulties, in successful weaving of the future[2], a number of requirements must be satisfied including:

i.   Existence of political will to engage in deliberate and well-considered future influencing efforts;

ii. Democratic and stable power concentrations, adequate for engaging in constructive destruction, is frequently essential in trying to take care of the future. Hence the need for strong executives and long electoral cycles. But these must be balanced by adequate safeguards such as strengthened parliamentary oversight. Both these and related requirements make constitutional reforms often essential for serious future-directed policy making.[3]

iii. Public and elite issue enlightenment, so as to have democratic support for future-directed choices, with all their present costs. Such enlightenment can be facilitated by including public issue seminars as obligatory studies in all university learning, setting up national policy colleges for main decision makers and opinion shapers, supporting independent public television not subjected to market pressures and more.

iv. Public, governmental, social and intellectual creativity and innovativeness directed at main long term policy issues.

v.   Outstanding implementation ability of innovative and frequently difficult-to-actualize policies. This and the innovativeness requirement make focused and selective, but also radical, public administration reforms a must with transformation of organizational cultures, sizeable use of project management and other demanding institution redesign.

vi. Freeing what are always limited central governmental capacities to focus on strategic policies by moving routine tasks to other levels of governance, market processes, civic society actors etc., but without abandoning essential future shaping strategic direction giving and override authority and capacity.

vii. Building up of top quality central governmental "strategic brains" (in short CGSB).

The last requirement is the main subject of this paper, to which I now turn.

Making CGSB my main subject is not an arbitrary decision. Rather, it expresses my view that all countries, as well as multi-country governance, should

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2   This apt concept is proposed by Plato in The Statesman.

3   The need for constitutions enabling future weaving, including provisions assuring adequate power concentration and facilitating choice-making which is not ruined by the need to make too many compromises, often combining the worst features of main options, applied also to the European Union. Disagreements to agree on a Constitution for Europe fully expose the difficulties of reaching agreement on provisions essential for capacities to weave the future, such as on voting rights.

give priority to designing, constructing and improving CGSB.[4] While other requirements of weaving the future are also essential, such as democratic stable power concentration, meeting them often depends on having first a high-quality CGSB. Meeting the other requirements without having a high-quality CGSB can do more harm than good, such as using power for advancing more effectively in wrong directions. Therefore, top priority should be given to setting up and improving CGSB, all the more so as this is cost-effective and relatively easier – or, to be more exact, less very difficult – than satisfying the other conditions, even being useful if most of the other conditions cannot be met.

This is especially true in CEE countries, which do in part have many of the institutions and qualities needed for long-term policies, and which are faced by the urgent needs for upgrading the future-weaving capacities posed by joining the European Union.

2. Structure of Central Governmental Strategic Brains

The specific structures of CGSB have to be adjusted to the particularities of each country and its governmental features at a given time. But every CGSB has to include seven main components, some of which will be discussed in detail later on:

First, a professional strategic thinking and planning[5] enclave near the head of government, be it a president, a prime minister, or in some countries both, is essential. This unit should be lean and staffed with high-quality professionals in both strategic thinking and planning and main policy domains.

Second parallel but smaller strategic thinking and planning staffs are needed near main future-impacting ministers, such as finance and economics, infrastructure, education, science and technology, social policy and defence.

Third, these units need good access to top decision-makers and main choice processes, both to adjust their work schedule to actual policy agenda and to input their studies into ongoing decision making.

Fourth, also essential is at least one national policy R&D organization, that is a "Think Tank" where high-level professionals engage in development of long term fundamental policy directions without being subjected to the pressures of current needs

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4   For pioneering treatments in this direction, see Carl W. Deutsch, The Nerves of Government New York: Free Press), 1969; and Stafford Beer, Brain of the Firm, Second edition (London: Wiley), 1981.

5   In terms of substantive meaning the most appropriate term is "strategic planning". But, because of the bad experiences with Soviet-type "planning", that term has many bad connotations in former Soviet block and other countries. Primitive and faddish forms of so-called strategic planning in many business corporations (e.g., see Henry Mintzberg, The Rise and Decline of Strategic Planning [New York: Prentice Hall], 1994) add to the negative connotations of that term. Nevertheless, I use the term "strategic planning" because it is the most correct one in terms of contents, but I expand it by using the concept "strategic thinking and planning", which is less technical and more open-ended.

and constrains unavoidable in staff units located in the centres of governments. Such Think Tanks will work mainly with the high-level governmental strategic thinking and planning staffs, but also need direct access to top decision-makers and, in some cases, to the public at large.

Fifth, however this may seem paradoxical, an essential component of a high-quality CGSB is a professional crisis management unit which works closely with and overlaps the strategic thinking and planning staffs, so as to base unavoidable improvisation on deep policy thinking.

Sixth, to preserve necessary checks and balances while upgrading strategic choice as a whole, strategic thinking and planning has also to be introduced and strengthened in parliaments and main sub-state governance levels.

Seventh, all forms and types of strategic thinking and planning units constitute an interacting system. They have to be networked among themselves and with various academic, social and corporation policy research and policy thinking and planning units and actors, so as to achieve cooperation and constructive competition. Also, they have to be networked with high-level civil servants, both to get needed information and to influence governmental decision-making as a whole. Channels for exchange of experience and knowledge and shared projects with comparable units in other countries, European Union institutions and global governance units are also necessary.

3. The Essence of Strategic Thinking and Planning

However, structure is no more than a basis, essential but by itself insufficient. What is really important is the essence of strategic thinking and planning to be done within the anatomy of the CGSB. To clarify the main idea and help with setting up and upgrading of CGSB, an introduction to the essence of strategic thinking and planning is required. I have provided this in an outline of 18 dimensions of the essence of strategic thinking and planning: [6]

i. Weaving the future, not "blowing bubbles"

Governments always engage in a mixture of blowing bubbles, fighting fires, distributing goodies, and weaving the future. However, modern developments such as mass media result in the bubble-blowing increasingly displacing weaving the future. The need for counter-measures strengthening weaving the future capacity is the mission of strategic thinking and planning.

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6   This outline is based on the syllabus of workshops in policy planning and strategic choice for senior decision-makers and policy advisors, which the author is giving from time to time around the world.

ii. Strategic choice as setting trajectories into the future

Strategic choice deals with setting revised or new trajectories into time by intervening with deep historic processes. This, in turn, requires "thinking in history,"; that is, good understanding of historic processes and their main drivers.

iii. Value and goal reasoning

While value choice and prioritizing of goals is a matter for elected politicians, the crucial importance of value judgment in choices requires CGSB to help with its clarification, to facilitate consideration of major values and goals, to explicate their costs, and to expose hidden dimensions of value judgment such as preferences in time and respect to risk. Accordingly, value and goal reasoning is an important, though often neglected, dimension of the working of CGSB.[7]

iv. Policy cogitation frames

Strategic thinking and planning is based on a number of policy cogitation frames and perspectives, particularly mapping of evolutionary potential; competitiveness; and rise and decline of nations, societies and civilizations.

v. Diagnostics of dynamics

Estimation of dynamics of main policy domains, with special attention to non-linear processes, surprise proneness, dangers, opportunities and critical choice junctions, provides the topography for strategic thinking and planning.

vi. Critical choice and agenda setting

An essential step, based on the diagnostics, is identification of critical choices that are crossroads in time and opportunities to significantly shape the future, together with mapping of hard problems lacking any promising options. The latter are allocated to option innovation processes, while the first are put on the analysis and choice agenda.

vii. Decision-making modalities

Prior to detailed strategic thinking and planning, decision-making modalities fitting given policy domains are selected on the basis of the diagnostics, ranging between incrementalism on one extreme and breakout radicalism on the other, with various mixes and in-betweens.

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7 Almost none of the texts in policy analysis, policy planning, strategic choice etc. takes up value reasoning as a critical dimension. This is a serious omission, aggravated by excessive weight being given to relevant theories, methods, methodologies, training and practice in economics. Despite being essential, these are not the most important grounding for strategic thinking and planning.

viii. Option creativity

I have already discussed the need for option creativity as posed by the unprecedented nature of many issues faced by CEE countries. But this point needs reiteration as it is quite different in nature from outlook and analytical capacities as emphasized in most strategic planning literature. Furthermore, the need for much option creativity has important implications for structure, requiring special policy R&D "Think Tanks" affiliated with, but not integrated into SBCG, seeking of creative personnel, and building a innovation-friendly organizational culture.

ix. Option analysis

Main options in respect to critical choices are analyses in terms of values and goals to be achieved and expected results of the various options in terms of values and goals, with full explication of value and goal conflicts and costs on one hand and outcome uncertainties on the other. This is accomplished with the help of a large range of methods and methodologies such as knowledge surveys, outlook methods, cost-benefit-risk analysis, exercising of theories and model, simulation, processing of the views of experts and more. But care must be taken not to overuse quantitative approaches; qualitative ones are much more relevant to most high level policy issues.

x. "Debugging"

Hand in hand with "positive" methods, steps to avoid main decision pathologies such as "motivated irrationality" and "idols of thinking" are an important part of strategic thinking and planning.

xi. Alternative futures

Design of alternative possible, probably undesirable and desirable futures, including inter alia realistic visions and nightmares for time spans of five to 25 years, provide main policy compasses. These are applied to present critical choices in order to consider them within longer-term and more comprehensive frames.

xii. Policies as fuzzy gambles

The future is between necessity, contingency and chance, with "Fortuna", as well discussed by Machiavelli, playing a large role, all the more so in an epoch of non-linear change. Uncertainty, up to inconceivability, is pervasive This is the field within which choice has to be made, with choice itself frequently adding to uncertainty. This does not mean that choices faces chaos, which would make strategic thinking and planning impossible or at least futile. Joining the European Union is a choice with some certainty of outcome, together with a lot of uncertainty. However—and this is at the essence of strategic choice and crucial insight for a high-quality CGSB—nearly all choices are to some extent a "fuzzy gamble",

requiring emotional ability to face up to ambiguity and cognitive-professional knowledge to cope with uncertainty in ways upgrading expected value of decisions. This is a main leitmotif, as well as a difficulty, of strategic planning.

xiii. Holistic perspectives

A main dimension is holistic perspectives, in contrast to the usually segmented views and divided handling of issues widespread in governments because of division of labor between ministries – each of which is protecting its territory – a situation further aggravated in coalition governments. It is a main characteristic of strategic thinking and planning that it overcomes compartmentalized tunnel-visions and instead adopts a systems perspective, with much attention to side-effects and interactions outside the specific domain of particular policies as well as overall outcomes.

xiv. Policy orthodoxy iconoclasm

Rapidly changing policy worlds speedily make the wisdom of the past (if it was indeed "wisdom") into the fallacy of today and the stupidity of tomorrow. Therefore, CGSB must engage in policy orthodoxy iconoclasm, exposing whatever is obsolete and moving ahead with reality and future fitting policy assumptions and principles.

It is politically and psychologically difficult to engage in iconoclasm near the hot corridors of power. There is a need for a division of labor, with units engaging in deep and iconoclastic strategic thinking and planning being located in enclaves such as Think Tanks where they are protected against the heat. This is one of the main reasons why Think Tanks are often located outside the main machinery of government, even though functionally a part of the CGSB and often working in close contact with in-house policy advisory staffs.

xv. Resources conscious and budgeting related

Options are considered with constant awareness and calculation (as far as possible) of their costs: budgets, political resources, attention spans, implementation ability and a variety of other opportunity costs. Another essential dimension [8] is the close relationship with budgeting and a focus on multi-year budget envelopes together with a method of performance and project budgeting.

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8 In designing and upgrading CGSB, much attention should be given to the introduction of appropriate budgeting methods with special attention to multiple-year budget envelopes and linkages between budgets and operations.

xvi. Institution building directed

Strategic thinking and planning is not limited to "policies" in the narrow sense of actions to be undertaken by existing bodies. Instead, macro-design of institutions is an essential dimension with appropriate professionals to be included in the policy staffs. But detailed institution building and reform is the task of other units in CGSB, which should work in close coordination with strategic thinking and planning though separate from it.[9]

xvii. Implementation oriented

Good policies arrived at with the help of high-quality strategic thinking and planning is of little value if it cannot be well implemented.[10] Therefore, strategic thinking and planning takes into account implementation capacities, including at least as appendixes of policy recommendations specifications of needed improvements in implementation bodies, so that the policies can be actualized.

xviii. Constantly learning

Strategic thinking and planning strives for a good balance between consistency and persistence on one hand and "changing one's mind" on the other. Therefore, much attention is given to constant learning, both in respect to particular estimations and policies and on the meta-policy levels of improving strategic thinking and planning, as well as cognitive processes within CGSB as a whole.

4. Staffing

No CGSB is useful without a critical mass of top quality professionals with policy-relevant multiple types of knowledge, characteristics and experiences. Without such high-quality in-house professionalism, CGSB units are likely to cause more harm than good.

However, as noted, strategic units should be compact and lean. To guesstimate required quantities of highly qualified policy professionals in most CEE countries, let me propose the following suggestive accounting:

i.   A strategic staff near the President and/or Prime Minister of ten to fifteen professionals.

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9   Institution building is very important in most CEE countries, including radical reform of the civil service and the machinery of government. But, as not everything can be done at once, it is often advisable to focus institutional reform efforts on those parts of the civil service and the machinery of government which are most crucial for essential service delivery and future-weaving. Therefore, close interaction with strategic thinking and planning is required for setting institution reform and building priorities.

10 However, good implementation of bad policies is even worse, causing damage. This is a main weakness of much of the "new public management" approaches, which pay much attention to making service delivery etc. more effective and efficient, without prior efforts to reconsider the policies determining which services should be delivered.

ii. Strategic staffs near other senior ministers of five to ten professionals each, say a total of forty professionals.

iii. A national Think Tank with twenty to thirty professionals.

iv. A national central crisis management system with three to five additional professionals.

Added and rounded up, a typical CEE country needs in central government about 80 to 100 high-quality policy professionals. If we add parallel units in parties and Parliaments, main local governance units, academic institutions etc., the conclusion is that the availability and correct utilization of about 120 to 150 high-quality policy professionals can make a significant difference to the future of a country.

I recognize the high quality of academic and professional studies and teaching in CEE countries and of many of their senior governmental staffs. Still, in order to have an adequate supply of highly qualified policy professionals, there is urgent need to set up world-class post-graduate university programs in policy studies on regional levels. As an interim and additional measure, intense training programs in policy professionalism are urgently needed, as in part initiated by NISPAcee.

Let me add that policy professionalism on the strategic level is very demanding intellectually, knowledge-wise and also in terms of suitable personality features. Therefore, careful selection of candidates and intense learning programs with outstanding mentors is a must. This is one of the most cost-effective investments a country can make if – and this is a large "if" – high-quality policy professionals are actually utilized in real-life choice processes and policy making.

5. Decision-Making Process Management

A relatively feasible way to upgrade utilization of strategic thinking and planning, which is also essential for good operation of CGSB as a whole, is decision-making process management. Some of the principles to be applied are:

i. Decision agenda setting should assure that major critical issues receive priority, even if not "pushed" by units with vested interests.

ii. Draft decisions are to be divided according to importance with planning resources and discourse time to be allocated accordingly. Similarly, the following recommendation should be implemented differentially, according to the relative importance of decisions under consideration.

iii. Analyzed options and alternative cost estimates should be presented whenever decisions are considered, with care taken that biased analysis by interested ministries be balanced by position papers to be presented by central strategic thinking and planning staffs.

iv. Adequate time is to be allocated to consideration of critical choices, including retreats focusing on major policy domains and estimates.

v. Decision drafts and analysis should be accompanied by implementation time tables and responsibility allocations.

vi. Implementation should be monitored.

viii. Relevant strategic thinking and planning units should be presented at main decision – making meetings, with the right to submit papers and express their opinion. They should also present relevant work of Think Tank and other main professional policy considering units and actors.

ix. Special processes for considering sensitive decisions should be established, meeting the requirements posed above with suitable adjustments. Similarly, decision processes for crisis situations should be prepared and exercised.

x. Decision processes should be constantly monitored, evaluated and improved, this being an important task of top level strategic thinking and planning units.

Decision-making process management is a useful way to upgrade governmental choice, which should receive more attention in CEE countries. But, by itself, it does not suffice for coping with the difficulties of interface between strategic thinking and planning and "power", which is a crucial issue for good operations of CGSB.

6. Interface with Power

International experience demonstrates the futility of even outstanding strategic thinking and planning units unless a symbiotic relation with main power centres can be maintained. Combining professional integrity and autonomy with good access and relations of trust with top decision-makers is a particularly demanding requirement.

No less difficult is the contradiction between working on long-term critical issues and current problems and needs overloading decision-makers, who naturally ask for help from their strategic thinking and planning staffs. Strict scheduling of work and standing up to the temptations of working disproportionally on current issues where one feels power in one's fingertips is, therefore, a must.

However, the most vexing difficulties are posed by the differences between political and policy [11] agendas and between political and policy reasoning. When electoral campaigns are permanent and dogmatic debates dominate political discourse, it is very difficult to make strategic thinking and planning count. Constitutional reforms assuring stable democratic power concentration may well be, as

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11 In the vast majority of languages there are no separate words for "policy" and "politics", posing a semantic barrier to recognizing the problem and coping with it.

mentioned, an essential step for countries that want to give priority to weaving the future.

However, the most fundamental need is for "strategic rulers"; that is, top decision makers who want to be are or are able to become "strategic". This leads to is one the most crucial features of CGSB and governments as a whole, namely the quality of the top politicians.

To be frank, if I had the choice in a given country to either build an outstanding CGSB with "tactical rulers" or to empower a strategic ruler without having all the other components of CGSB, I would unhesitatingly choose the latter – even without taking into account that a strategic ruler is likely to build up around himself a high-quality CGSB. However, this is not an open choice. Steps can be taken to upgrade rulers by influencing electoral processes, providing learning opportunities for promising politicians, imposing strict codes of ethics, and more.[12] However, acceptance of such proposals will take time, all the more so as they contradict widely accepted contemporary folklore and "politically correct" assumptions of contemporary democracies that "being elected" is enough of a qualification for putting one's hand on the steering wheels of a country.

Still, it may be useful to help high-level decision-makers who want to be more strategic and to sum up some of the main points of this chapter, in the form of a set of recommendations for strategic rulers.

7. Recommendations for "Strategic Rulers"[13]

(1) Consider issues as if there were no elections and no mass media, than add political and marketing considerations as far as essential;

(2) Think and decide in terms of five to 25 years;

(3) Consider all issues holistically;

(4) Demand and utilize comprehensive estimates of present dynamics and expected main environments;

(5) Develop five to 25-year main goals, with goal costing of the shorter set;

(6) Think, plan and "dream" in terms of alternative futures, their drivers and policy instruments;

(7) Prepare alternative realistic futures and nightmares for a range of ten to 20 ears;

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12 See The Capacity to Govern, op, cit., chapters 12 and 13.

13 These illustrative recommendations deal only with the cognitive dimensions of a strategic ruler, not with other dimensions of personality and quality which are not less crucial. I hope to deal in details with the matter in my book-in-work Strategic Ruler: Mirrors for Future-Weaving Governors.

(8) Map main critical choices and devote adequate thinking and action resources to them. This includes those ECC countries joining the EU and playing an active role in it;

(9) Develop high-quality uncertainty sophistication and consider all choices as "fuzzy gambles";

(10) Think holistically, looking at main issues as interacting within systems;

(11) The decision is yours, but should not spring from your emotions and prejudices. Instead, discipline yourself to carefully consider options with the help of professional input.

(12) Do not believe in "solutions" but treatments; be doubtful about "common sense"; avoid being bound by "political correctness" in your thinking; do not trust modern "magic" such a "e-governance"; be sceptical about all apparently easy options; and have serious mental reservations about your own judgments.

(13) Demand reports on implementation of your main decisions;

(14) Be willing to change your mind, but only with good reasons.

8. Modular Implementation

There are additional important facets to building and upgrading CGSB. Of great importance is trust-building relations with the public while enlightening it, with strict limits on public relation "spins". No less important is the need to build up concomitant capacities in parliament and to facility high-quality policy thinking in the political system and in civic society as a whole, as well as on other levels of governance.

However, proposing too much means in practice to propose the impossible and also the inessential. Instead of presuming to build a complex strategic thinking and planning system all at once, the optimal way forward is modular. Specifics have to be adjusted to the particulars of given countries. It is often best to start with creating and upgrading strategic thinking and planning staffs near heads of governments, establishing independent national think tanks, implementing crash programs to advance policy professionalism, and facilitating at least one top quality post-graduate public policy university program, perhaps on a regional basis.

These are steps which I think are both feasible and strongly recommended to CEE countries.

Strategy in Government: The United Kingdom Experience

by
Geoff Mulgan
Martin Potůček

Strategy in Government: The United Kingdom Experience

Geoff Mulgan
(The Strategy Unit of the Prime Minister's Office, Great Britain)

Martin Potůček
(Editor of the volume)

Introduction by Martin Potůček

The Strategy Unit of the Prime Minister's Office, Great Britain is the core body implementing innovative, effective and inspiring strategic approaches at the central level of government. That is why students of strategic governance should not neglect the British case.

Geoff Mulgan's PowerPoint presentation (see Appendix) represents an excellent introduction to recent British development in this field. The approaches, methods, tools and communication skills developed and applied by his Strategic Unit (Geoff Mulgan served as the Head of it till the beginning of 2004) are a pivotal case in an international context.

Referring to particular pages of his presentation, I would like to stress the ten necessary conditions (the Ten Commandments) for the final success of strategic governance:

1. The strong and stable government. (p. 11)
2. The strong political support for strategic governance. (p. 11)
3. The existence of a core strategic unit at the top of the public administration hierarchy. (p. 16)
4. The advanced methodological culture and consultative capacities available to other units of administration. (pp.17-25. The nice tool serving the purpose – *Strategy Survival Guide* – see p.18.)
5. Competent allies of strategic governance at particular Departments. (p. 12)

6. Generally accepted and effectively applied concepts of public policy formation and implementation, based on interdisciplinary approach (as an effective prevention of legal or economic bias). (p. 13)
7. The effective involvement and collaboration of all stakeholders from the public, commercial and civic sector on one hand, and politicians, civil servants and academics on the other, in developing strategies and policies. (p. 28)
8. The user-friendly communication with the involved actors. (The excellent example – document *Strategic Audit* – is presented on pp. 29-43.)
9. Specific strategies and policies should comprise concrete measurable goals, clear-cut division of responsibilities and time-table, and procedures of their evaluation and adjustment. (p. 14)
10. The appropriation of strategic governance as an open, and never-ending, process.

Because of the last (but not least) commandment, the students of good strategic governance should refer to the recent developments of the British way of developing and implementing strategies in government at http: // www.strategy.gov.uk.

Appendix:
Strategy in Government: The United Kingdom Experience

The PowerPoint presentation.

Geoff Mulgan

PP – 1

What I'll cover:

What do policy and strategy mean for governments?

The UK approach: tools, structures, processes and links to other areas of policy and delivery

Risks, pitfalls and what counts as success

PP – 2

Most governments produce large numbers of strategies ...

PP – 3

But many governments remain ….

- Unclear about the goals that really matter

- Poor at maintaining focus

- Prone to disparate initiatives and programmes

- Poor at learning, and admitting mistakes

…. And too few strategies are:

-Grounded in rigorous analysis

-Sophisticated about organisational capacity

-Compelling communicated and shared with those who have to deliver them

PP – 4

Some governments see short-termism as the only option.

Pandolfo Petrucci, Lord of Siena, to Machiavelli:

'wishing to make as few mistakes as possible I conduct my government day by day and arrange my affairs hour by hour; because the times are more powerful than our brains'

PP – 5

Yet history shows ….

Governments that are strategic – focused, persistent, informed by evidence – are more likely to succeed

The highest performing nations today are also the most deliberately strategic

Many apparently intractable problems go on to be resolved (in the UK, for example, inflation, long-term unemployment, old age poverty, strikes)

So what should governments do? What can help them to be more strategic?

PP – 6

There is a huge literature on strategy

PP – 7

… but with a few eminent exceptions thinking on strategy in government is surprisingly sparse

Nearly all the literature on strategy is about:
- **competition in war (how to defeat the enemy), and**
- **business (how to achieve and sustain competitive advantage)**

For governments strategy is different and necessarily more complex:
- **not just about achieving competitive advantage**
- **different constraints (public opinion &c)**
- **different tools (law, tax, regulation)**
- **more goals and complexity**
- **shaping environments as well as responding to them**
- **often much longer timescales (despite pressures of 24/7media &c)**
- **tied up with politics**

PP – 8

As a result even when governments attempt to be strategic there is often confusion over what this means – and many strategies are never really implemented

PP – 9

The traditional UK approach

Policy and strategy in the UK have traditionally been dominated by:

-cohesive parties with parliamentary majorities underpinning strong Cabinet government

-sometimes powerful Prime Ministers (Thatcher, Blair) supported by small offices, Policy Units and advisers

-a strong Treasury (finance ministry)

Yet for much of our history government has been more reactive than proactive; tactical than strategic

PP – 10

The changed environment

In recent years the position has changed:

-much greater economic stability and greater political and policy stability have made longer term policy feasible

-a strong Prime Minister has built up the capacity of the centre - Policy Directorate, Strategy Unit, Delivery Unit - and a more rigorous approach to spending allocation, targets has been built up with the Treasury

PP – 11

This has made possible a more developed machinery for medium to long-term policy

Strategy development

-- departments required to produce 5-10 year plans; SU and parallel units in departments and devolved administrations, along with Foresight; use of policy commissions and task forces

Resources and targets

- biannual spending reviews to set targets, allocate resources &c based on evidence

Implementation

- stronger focus on delivery, implementation, performance management

Short-term shocks and threats

Civil contingencies secretariat; horizon scanning group; resilience assessments

PP – 12

A clearer relationship between strategy, policy, delivery and learning

Strategic imperatives: politics; public needs and demands; future challenges/opportunities - feeding into overall vision

Outcome goals, PSAs &c

Systems   **Strategic Direction**   Structures

Culture   People

Policy Design   Resources

Knowledge

IT   **Delivery**   Skills

public and user feedback

choice

engagement

measurement

analysis

testing, piloting, continuous learning

Public value created

PP – 13

37

Held together by published targets – public service agreements (PSAs) focused on outcomes

| Back | | Stop | Refresh | Home | Search | Favorites | History | | Mail | Print |

Address: sr02/psa/spend_sr02_psaed.cfm ▼ | Go | Links | Customize Links | Free Hotmail | Windows

Objective III: pupil inclusion.

3. By 2004 reduce school truancies by 10% compared to 2002, sustain the new lower level, and improve overall attendance levels thereafter.

4. Enhance the take-up of sporting opportunities by 5-16 year olds by increasing the percentage of school children who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum from 25% in 2002 to 75% by 2006. Joint Target with DCMS

Objective IV: raise attainment at 14-19

5. Raise standards in schools and colleges so that:

- between 2002 and 2006 the proportion of those aged 16 who get qualifications equivalent to 5 GCSEs at grades A* to C rises by 2 percentage points each year on average and in all schools at least 20% of pupils achieve this standard by 2004 rising to 25% by 2006; and
- the proportion of 19 year olds who achieve this standard rises by 3 percentage points between 2002 and 2004, with a further increase of 3 percentage points by 2006.

Objective V: improve the skills of young people and adults and raise paarticipation and quality in post-16 learning provision.

6. By 2004, at least 28% of young people to start a Modern Apprenticeship by age 22. A wider vocational target for 2010, that includes learning programmes in further education preparing young people for skilled employment or higher education will be announced in the 2002 Pre-Budget Report.

Internet

PP – 14

An emerging approach to the organisation of strategy work

Dedicated Strategy Units – with high movement in and out

Project based approach – not permanent roles

Teams – half from outside government, and with practitioners
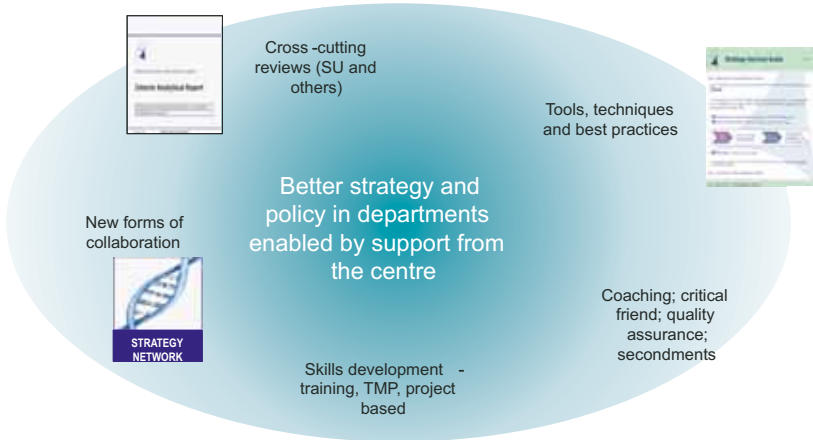
Close ties to business planning, resource allocation

Direct reporting to top ministers and officials

Working openly where possible with stakeholder involvement

PP – 15

A clearer view of the role of the centre of government in providing support and coordination for departments..

Cross -cutting reviews (SU and others)

Tools, techniques and best practices

New forms of collaboration

STRATEGY NETWORK

Better strategy and policy in departments enabled by support from the centre

Coaching; critical friend; quality assurance; secondments

Skills development - training, TMP, project based

PP – 16

Underpinning these is an evolving approach to methods, tools, skills and experience

SKILLS

Delivery skills - professionalisation of management, project and programme management, HR, finance as complement to formal strategy skills

Appreciation of key analytical approaches, including basic economics, statistics, business modelling etc

Multi-disciplinary teams, and understanding of complex systems and their dynamics, and organisational capacities

**Range of experience and processes for creativity**

Futures methods, simulations, scenarios

Stakeholder management skills and storytelling and logical storyboarding skills

Robust risk management approaches

PP – 17

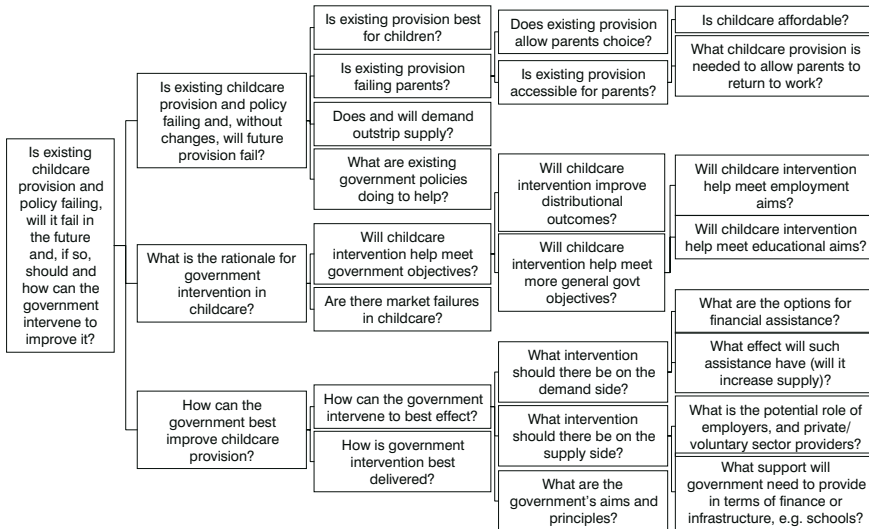**Shared tools: the Strategy Survival Guide, a comprehensive set of techniques available on the web**

http://www.number-10.gov.uk/su/s u%20survival%20guide/index.html
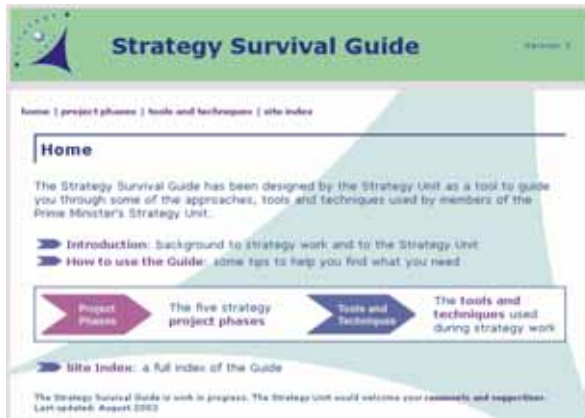
PP – 18

How to do issue trees and logical analysis (eg childcare)

PP – 19

How to do modelling (eg childcare)

NET PLACES EXPECTED
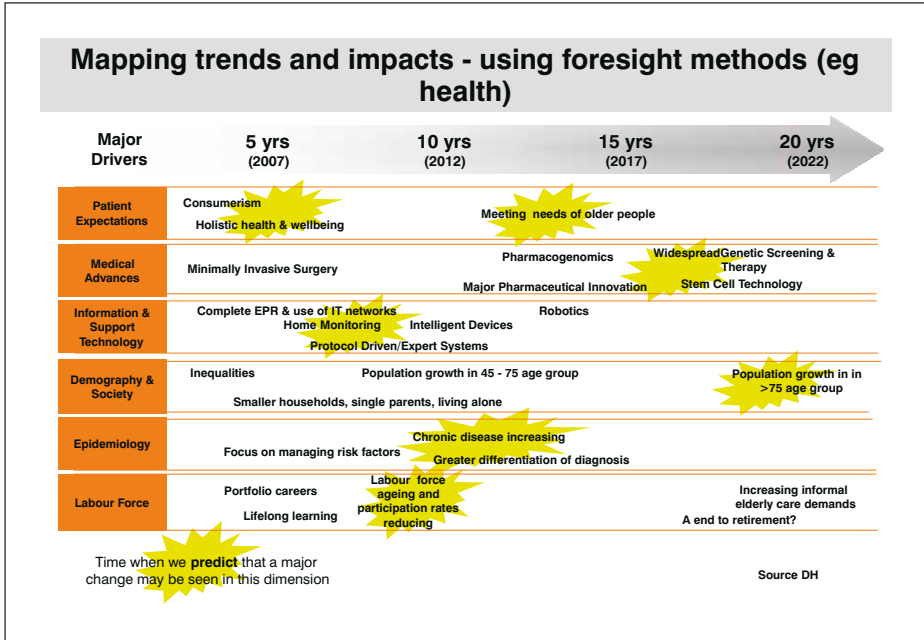
		At March 31	2001	2002	2003	2004	2005	2006
0-4 year places	Children's Centres	New build					1,496	3,490
		Sure Start glue					0	0
		Nursery glue					3,290	7,678
		Total					4,786	11,168
	Nursery new build	Govt supported					13,137	13,137
		Unsupported					25,439	27,401
	Nursery conversion						11,218	11,218
	Childminder 0-4						5,060	5,060
	Total						59,640	67,983
5-14 year places	Childminder 5-14						1,117	1,117
	Out of School Clubs					21,221	21,220	21,220
	Total					21,221	22,337	22,337
Total						21,221	81,977	90,320

	0-4 ratio places:children	1.30
	5-14 ratio places:children	1.75

CHILDREN HELPED

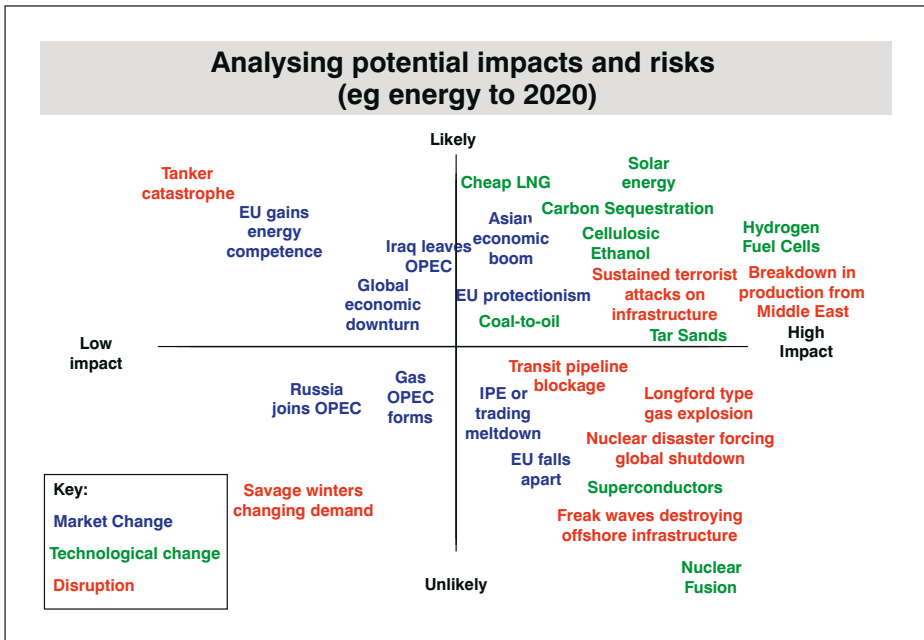|		At March 31	2001	2002	2003	2004	2005	2006
0-4 year places	Children's Centres	New build					1,944	4,537
		Sure Start glue					0	0
		Nursery glue					4,278	9,981
		Total					6,222	14,518
	Nursery new build	Govt supported					17,078	17,078
		Unsupported					33,071	35,621
	Nursery conversion						14,583	14,583
	Childminder 0-4						6,578	6,578
	Total						77,532	88,379
5-14 year places	Childminder 5-14						1,954	1,954
	Out of School Clubs					37,136	37,135	37,135
	Total					37,136	39,089	39,089
Total additional children helped						37,136	116,622	127,468

PP – 20

The role of literature reviews in mapping what works and likely impacts (eg early years)

Name of project/scheme	Country	Targeted at low SES children	Age of child at last follow up	increased IQ to age 11	improved behaviour	increased school attainment to 11	increased school attainment to 18	increased family income	reduced special educational needs	improved qualifications at age 18	improved emotional/psych.	improved parenting indicators	increased maternal employment	increased educational attainment	improved mental health	reduced crime rates - child	reduced crime rates - mother	reduced welfare recipience - child	reduced welfare recipience - mother	improved health - child	improved employment - child	improved employment - mother	reduced child abuse	reduced teen pregnancy-child
Early Childhood Interventions.																								
Early Training Project (reported)	US	Y	20	Y		Y	?		?	?														?
Perry pre-school	US	Y	27	Y	Y	Y	Y	?	Y							Y		Y			M		?	?
Chicago CPC	US	Y	14		?	Y	Y	Y				Y				Y								
Project Care	US	Y	5	Y											Y									
Syracuse Univ. Family															Y									
Carolina Abecedarian	US	Y	21	Y		Y	Y		Y							Y	Y			Y			
IHDP - full sample	US	Y	8	Y	M					Y	Y													
EEC 2000	UK	M	n/a		Y	Y		?			Y	Y	Y	Y										
EEC 2001	UK	M	n/a	Y	Y	Y		?			Y	Y	Y	Y									Y	
Head Start - Westinghouse Report	US	Y	7		M																			
Head Start - Currie&Thomas	US	Y			Y															Y				
Childcare																								
Cost, Quality and Child Outcomes	US	N	8		Y	Y																		
Effects of Public Daycare	Swe	N	13		Y																			
NICHD data - Belsky	US	N			N																			
NICHD - cognitive and language	US	N	3	Y																				
NICHD - quality	US	N	6	Y	Y																			
NICHD - behaviour	US	N	3																					
NICHD - attachment	US	N	1.5																					
Vandell & Henderson	US	N	8		Y					Y														
EPPE	UK	N	7	Y	Y																			
EPPNI	NI	N	6																					
Osborn and Millbank	UK	N	10	M	M	Y				M														
The Impact of Study Support	UK	N	16		Y		Y			Y														

PP – 21

Mapping trends and impacts - using foresight methods (eg health)

Major Drivers	5 yrs (2007)	10 yrs (2012)	15 yrs (2017)	20 yrs (2022)
Patient Expectations	Consumerism / Holistic health & wellbeing		Meeting needs of older people	
Medical Advances	Minimally Invasive Surgery	Pharmacogenomics / Major Pharmaceutical Innovation		Widespread Genetic Screening & Therapy / Stem Cell Technology
Information & Support Technology	Complete EPR & use of IT networks / Home Monitoring / Intelligent Devices / Protocol Driven/Expert Systems	Robotics		
Demography & Society	Inequalities / Smaller households, single parents, living alone	Population growth in 45 - 75 age group		Population growth in in >75 age group
Epidemiology	Focus on managing risk factors	Chronic disease increasing / Greater differentiation of diagnosis		
Labour Force	Portfolio careers / Lifelong learning	Labour force ageing and participation rates reducing		Increasing informal elderly care demands / A end to retirement?

Time when we **predict** that a major change may be seen in this dimension

Source DH

PP – 22

Analysing potential impacts and risks (eg energy to 2020)

Likely

Tanker catastrophe

EU gains energy competence

Cheap LNG

Solar energy

Asian economic boom

Carbon Sequestration

Iraq leaves OPEC

Cellulosic Ethanol

Hydrogen Fuel Cells

Global economic downturn

EU protectionism

Sustained terrorist attacks on infrastructure

Breakdown in production from Middle East

Coal-to-oil

Tar Sands

Low impact

High Impact

Russia joins OPEC

Gas OPEC forms

Transit pipeline blockage

IPE or trading meltdown

Longford type gas explosion

Nuclear disaster forcing global shutdown

EU falls apart

Superconductors

Savage winters changing demand

Freak waves destroying offshore infrastructure

Nuclear Fusion

Unlikely

Key:
Market Change
Technological change
Disruption

PP – 23

Using scenarios (eg public health and behaviour change)

	Slow Uptake	Solid Progress	Fully Engaged
Health Promotion **(smoking, exercise, diet etc)**	No Change	Meet current public health targets	Go beyond current public health targets
Acute Ill health **among the elderly**	Increase + 10%	Decrease - 5%	Decrease -10%
Long term ill health **among the elderly**	Increase	No change	Decrease
Life Expectancy **at birth**	Men: 78.7 Women: 83.0	Men: 80.0 Women: 83.8	Men: 81.6 Women: 85.5

PP – 24

Using simulations

- **contingency exercises for CBRN and other threats**

- **simulation of NHS internal market in early 1990s**

- **simulation of current health reforms changes**

Goal: to map likely dynamics and emotions as well as system features

PP – 25

Better collaboration: a Strategy Network which brings together existing strategy teams from all departments

STRATEGY NETWORK

PP – 26

Engagement and buy in

The centre has powerful levers. But policy and strategy work more likely to succeed with active engagement of decision-makers

- **Sponsor ministers**
- **More use of Cabinet Committees**
- **Teams drawn from key stakeholders**
- **Open processes on the web**
- **Active engagement with key agencies, frontline staff, users**
- **More sophisticated communications strategies**
- **PM and other ministers open to question, public engagement**
- **Shared understanding of problems long before solutions are proposed**
- **Implementation plans agreed before announcements of policy**

PP – 27

More systematic approaches to stakeholders

Support

High support
Low influence

High support
High influence

Influence

Low support
Low influence

Low support
High influence

PP – 28

Implementation plans developed as part of the policy process - and published on the web

PP – 29

Continuous learning involving practitioners - collaboratives as a model

PP – 30

PP – 31

Understanding change – for example why some apparently remorseless trends have turned around or levelled off

Crime has begun to fall after a long period of steady rises
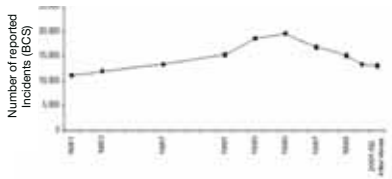
The fall in birth rates has levelled off
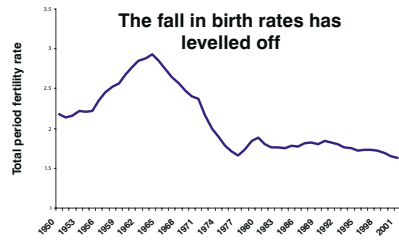
And the rise in divorce rates has also levelled off
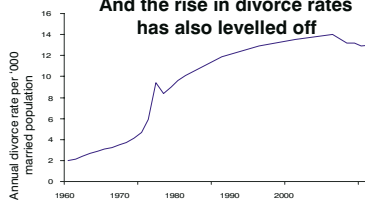
PP – 32

Future challenges – for example soft skills are becoming more important

Verbal, communication and planning skil ls will be more important in 2010 than today… the demand for these skills by the service and creative industries will continue to grow
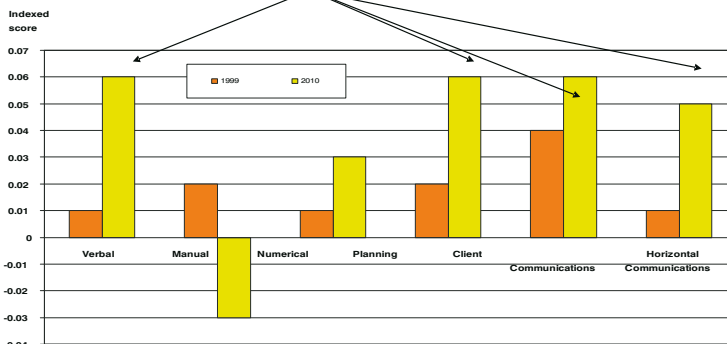
Change in importance of skills to 2010

Source: Institute for Employment Research/Cambridge Econometrics, 2001. Derived from skills scores from a survey of the British Workforce (Ashton et al 1999) in a principal components analysis, together with projections of employment change by social occupational category (SOC).

PP – 33

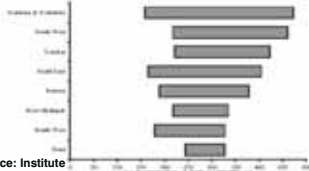**Survival challenges, above all climate change**

1000-year temperature record with 100-year projection
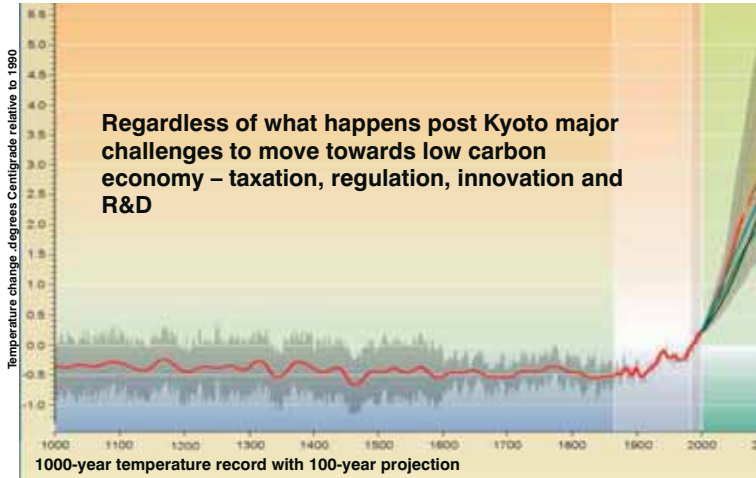
PP – 34

Delivery challenges – for example variability of performance in public services
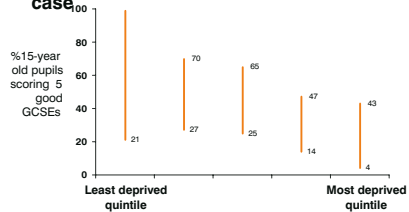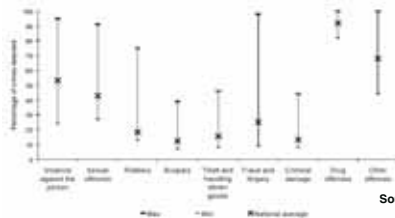
PP – 35

Changing issues of public trust – for example the UK public are increasingly influenced by friends and family rather than government or other big institutions
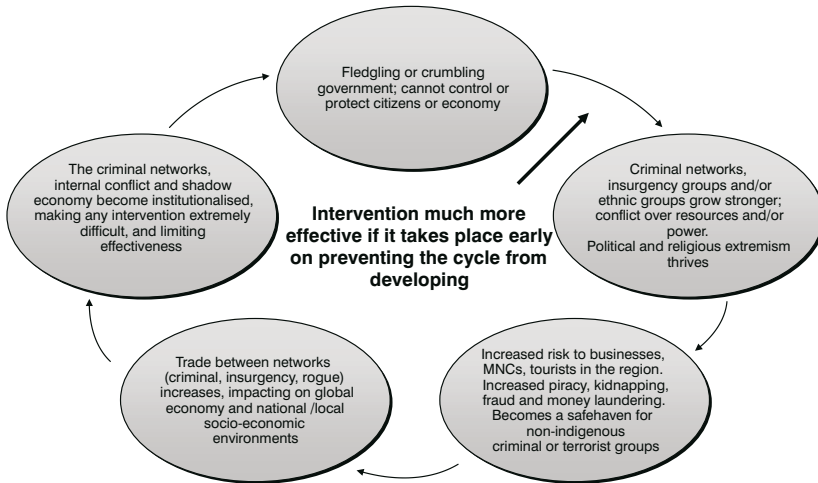
% saying they are influenced on social and environmental issues by...

| | 2001 |
| | 1996 |

- Family
- Friends
- Government
- TV
- Newspapers
- Political parties
- Work colleagues
- The church
- Business leaders
- Advertising
- Royal family

0% 5% 10% 15% 20% 25% 30% 35% 40%

Source: Future Foundation, NVision
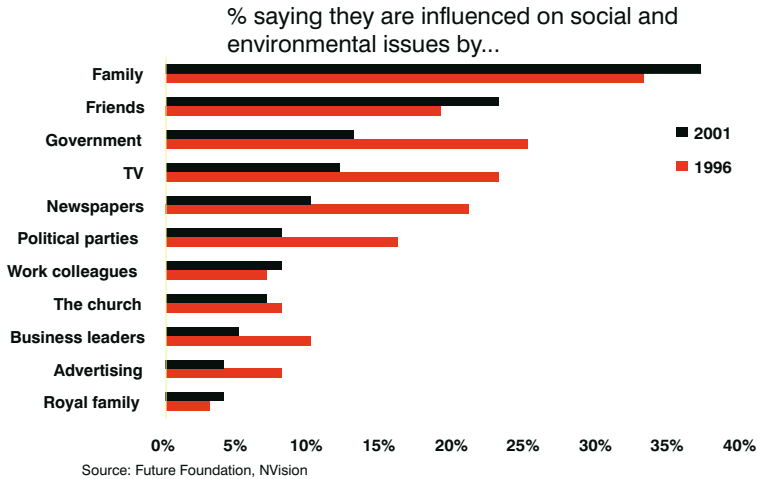
PP – 36

New global challenges – such as weak/failing states …

- **around 90% of UK heroin comes from Afghanistan; 90% of cocaine from Colombia**

- **54 of 57 conflicts since 1990 have been inside states, not between states**

- **Resulting in 8 million people killed and 22 million displaced in the last decade**

- **4 million people trafficked through organised crime networks**

- **58% of UK asylum seekers originate in conflict areas or failing states**

PP – 37

… requiring new types of solution

Fledgling or crumbling government; cannot control or protect citizens or economy

Criminal networks, insurgency groups and/or ethnic groups grow stronger; conflict over resources and/or power. Political and religious extremism thrives

The criminal networks, internal conflict and shadow economy become institutionalised, making any intervention extremely difficult, and limiting effectiveness

Intervention much more effective if it takes place early on preventing the cycle from developing

Increased risk to businesses, MNCs, tourists in the region. Increased piracy, kidnapping, fraud and money laundering. Becomes a safehaven for non-indigenous criminal or terrorist groups

Trade between networks (criminal, insurgency, rogue) increases, impacting on global economy and national /local socio-economic environments

PP – 38

Looking across a range of indicators for comparator countries, the UK tended to come out below average during the 1990s

| GDP per capita 2000		Productivity		HDI 2000		Life Satisfaction 1995 2000		Employment 2000		Social trust 1995 2000		Inequality late 90s 2000		CB2 emission per capita 1990	
US	1	Netherlands	1	Norway	1	Denmark	1	Switzerland	1	Denmark	1	Norway	1	Portugal	1
Ireland	2	Belgium	2	Sweden	2	Ireland	2	Norway	2	Sweden	2	Finland	2	Switzerland	2
Switzerland	3	Norway	3	Canada	3	Switzerland	3	Denmark	3	Norway	3	Belgium	3	Sweden	3
Canada	4	Italy	4	Australia	4	Austria	4	Sweden	4	Netherlands	4	Sweden	4	France	4
Norway	5	Ireland	5	Belgium	5	Canada	5	US	5	Finland	5	Netherlands	5	Spain	5
Denmark	6	US	6	US	6	Netherlands	6	Netherlands	6	Canada	6	Denmark	6	Italy	6
Belgium	7	France	7	Netherlands	7	Finland	7	UK	7	Japan	7	Germany	7	Austria	7
Japan	8	Germany	8	Japan	8	US	8	Canada	8	Switzerland	8	Austria	8	Norway	8
Netherlands	9	Denmark	9	Finland	9	Norway	9	Australia	9	Australia	9	France	9	Greece	9
Australia	10	Switzerland	10	France	10	Sweden	10	Japan	10	Spain	10	Spain	10	South Korea	10
Austria	11	Canada	11	Canada	11	Germany	11	Portugal	11	US	11	Canada	11	Japan	11
Finland	12	Finland	12	Switzerland	12	Australia	12	Austria	12	Ireland	12	Switzerland	12	UK	12
Germany	13	Sweden	13	Sweden	13	Belgium	13	Finland	13	Germany	13	Ireland	13	Germany	13
Sweden	14	Australia	14	Denmark	14	UK	14	Germany	14	Austria	14	Ireland	14	Ireland	14
France	15	Germany	15	UK	15	Italy	15	Ireland	15	Italy	15	Italy	15	Denmark	15
Italy	16	Japan	16	Ireland	16	Spain	16	South Korea	16	South Korea	16	UK	16	Netherlands	16
UK	17	Spain	17	Italy	17	Portugal	17	France	17	Belgium	17	US	17	Finland	17
Portugal	18	South Korea	18	Spain	18	France	18	Belgium	18	Belgium	18	Japan	18	Belgium	18
Greece	19	Austria	19	Greece	19	Japan	19	Spain	19	France	19	France	19	Canada	19
South Korea	20	Portugal	20	South Korea	20	Greece	20	Greece	20	Portugal	20	South Korea	20	Australia	20
Spain	21	Greece	21	Portugal	21	South Korea	21	Italy	21	Greece	21	Greece	21	US	21

PP – 39

But on some indicators of future readiness the UK now performs much better

Patents		PISA Maths		Fiscal sustainability		Microeconomic Competitveness		CO2 reduction		Child poverty	
Switzerland	1	Japan	1	Sweden	1	US	1	Sweden	1	Finland	1
Sweden	2	South Korea	2	Canada	2	Finland	2	France	2	Denmark	2
Japan	3	Finland	3	UK	3	UK	3	Germany	3	Sweden	3
Finland	4	Australia	4	Belgium	4	Germany	4	UK	4	Norway	4
Germany	5	Canada	5	Denmark	5	Switzerland	5	Canada	5	Netherlands	5
US	6	Switzerland	6	Portugal	6	Sweden	6	Denmark	6	Belgium	6
Netherlands	7	UK	7	Australia	7	Netherlands	7	Switzerland	7	France	7
Denmark	8	Belgium	8	Norway	8	Denmark	8	Finland	8	Germany	8
Belgium	9	France	9	France	9	Canada	9	Belgium	9	Switzerland	9
France	10	Austria	10	Netherlands	10	Austria	10	US	10	Austria	10
UK	11	Denmark	11	Germany	11	Japan	11	Austria	11	Spain	11
Austria	12	Sweden	12	US	12	Belgium	12	Netherlands	12	Ireland	12
Norway	13	Ireland	13	Japan	13	Australia	13	Norway	13	Canada	13
Canada	14	Norway	14	Italy	14	France	14	Italy	14	Australia	14
Australia	15	US	15	Austria		Ireland	15	Japan	15	UK	15
Italy	16	Germany	16	Finland		Norway	16	Australia	16	Italy	16
Ireland	17	Spain	17	Greece		South Korea	17	Spain	17	US	17
South Korea	18	Italy	18	Ireland		Italy	18	Ireland	18	Greece	
Spain	19	Portugal	19	South Korea		Spain	19	Greece	19	Japan	
Greece	20	Greece	20	Spain		Portugal	20	Portugal	20	Portugal	
Portugal	21	Netherlands		Switzerland		Greece	21	South Korea	21	South Korea	

PP – 40

A composite picture shows smaller northern countries best placed in terms of current and future performance - but the UK is not far off
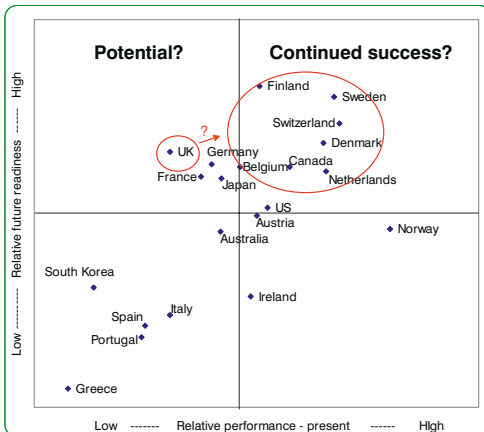
The best performers show:

- **some common characteristics: open economies, high performing public services, high social mobility.**

- **diversity, disproving the claim that global trends are pushing towards a single model.**

PP – 41

The good performers also tend to be good at strategy (and smallness appears to help, leading to greater realism about the environment, smaller numbers …)

Singapore…all senior civil service in scenario exercises: helped response to 90s economic crisis

Netherlands… used scenarios to build consensus to change direction in late 80s

Switzerland…all senior officials trained in a sophisticated set of strategy skills

Finland…strategy exercises have pushed them near top of competitiveness league tables

PP – 42

STRATEGIC AUDIT:
Published November 2003

'government can make a difference, and what looks insoluble to one generation can be sorted out more completely than would have been thought possible … but Governments overestimate their influence and impact in the short-term and underestimate it in the long term …'
Times, 25 November 2003

PP – 43

Risks for longer term policy and strategy work

- **events, events, events**
- **volatility (political and economic stability are far more conducive to strategy work)**
- **insufficiently rich methodologies (eg failing to understand culture and identity)**
- **detachment from leadership priorities**
- **failure to link long-term to short-term, and show benefits**

PP – 44

What counts as success?
Predictability and control will always be elusive. The business of government is inherently unpredictable, messy and shaped by events.   Better strategy should mean …

PP – 45

Less driven by events, more driven by goals

PP – 46

Better prepared for low probability high impact events
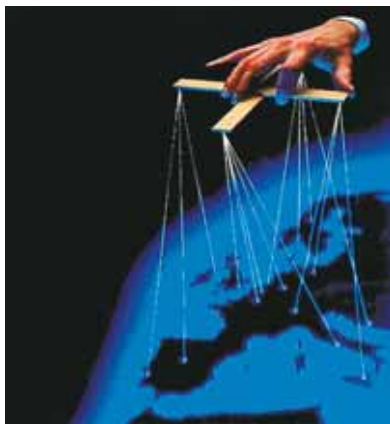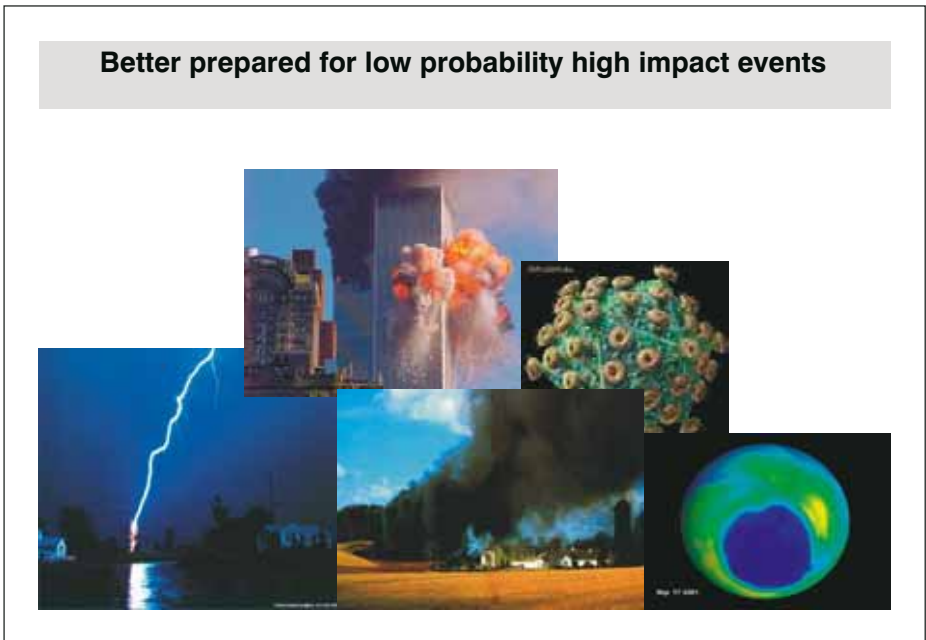
PP – 47

Less trapped by false assumptions

"Peace in our time"
Chamberlain,1938

**"Anyone who thinks
the ANC will rule South Africa
is living in cloud cuckoo land"**
Thatcher,1987

PP – 48

Less trapped by conventional opinion

In 1990 who predicted:

**A European civil war with 200,000
dead and ethnic cleansing**

Mapping of genome completed

The US economy rebounded

Japan in a 12 year slump

Half a billion Internet users

Terror attacks in US

PP – 49

Strategy is not about complexity but clarity and insight:

"I would not give a fig for the simplicity this side of complexity … I would, however, give my life for the simplicity on the other side of complexity."

Oliver Wendell Holmes

Strategy is not an alternative to delivery, but a complement:

"There is no such thing as an implementation gap in strategy and policy: only policies and strategies that are poorly designed, and that fail to take account of the realities of implementation."

Henry Mintzberg

PP – 50

Above all….

- outcomes delivered

- energies directed at the things that really matter

- passing the test of history: the best possible decisions in the light of what was known at the time

PP – 51

*"Governing a great country is like
cooking a small fish. Don't overdo it"*

Lao Tsu

PP – 52

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strategy unit

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Strategy Unit

"...providing the Prime Minister and
Government departments with a capacity to
analyse major policy issues and design
strategic solutions..."

The Strategy Unit's aim is to improve Government's capacity to
address strategic, cross-cutting issues and promote innovation in
the development of policy and the delivery of the Government's
objectives.

The unit was set up in 2002, bringing together the Performance
~~and Innovation Unit (PIU), the Prime Minister's Forward Strategy~~

UK Fisheries Project:
A study of the medium
to long-term issues
facing UK Fishing

Strategic Audit:
Discussion Document

Strategy Survival Guide:
How to do strategy work
in Government

Alcohol Misuse: Interim

PP – 53

The European Agenda for Competitiveness ...

by Maria João Rodrigues

The European Agenda for Competitiveness, Employment and Social Cohesion – An overview of the Lisbon Strategy

Maria João Rodrigues

Professor in ISCTE, University Institute, Lisbon

1. The point of departure of a European Strategy

In the preparations for the Lisbon Summit (23-24 March 2000), we faced the following main question: is it possible to update Europe's development strategy so that we can rise to the new challenges resulting from globalisation, technological change and population ageing, while preserving European values? In the new emerging paradigm, knowledge and innovation are the main sources of both wealth and divergence between nations, companies and individuals. Europe is losing ground to the United States, but this does not mean we have to copy them.

The purpose was to define a European way to evolve to the new innovation – and knowledge-based economy, using distinctive attributes ranging from the preservation of social cohesion and cultural diversity to the very technological options. A critical step would be to set up a competitive platform that can sustain the European social model, which should also be renewed.

Answering this question requires institutional innovations if we want to tap into the potential of this new paradigm while avoiding risks of social divide. Innovation, for example, might be norms regulating international trade and competition, of social models, or of education systems. Moreover, in each and every Member State of the European Union, institutional innovation has to internalise the level of integration accomplished through the single market and the single currency. This means that some level of European coordination is required to carry out institutional reforms, while respecting national specificity. A multilevel

governance system that enables its various levels (*i.e.* European, national and local) to interact is needed.

In order to find an answer to the initial question, we had to commit to an extensive intellectual and political undertaking of reviewing Europe's political agenda and the main Community policy documents in the light of the latest updates of social sciences. European intellectuals with broad experience in these fields were involved in this task (Rodrigues, 2002). Our purpose was to ascertain which institutional reforms could change the way in which European societies are currently regulated, so as to pave the way for a new development trajectory towards a knowledge-based economy.

But key ideas need to lead to political decision-taking and action. The entire Presidency was tailored to achieving this goal, throughout its two European Councils, 14 Councils of Ministers, seven Ministerial Conferences, several sessions of the European Parliament and a high-level Forum grouping the major stakeholders in Europe and the Member States.

As the main objective was to define a global strategy, the key role had to be played by the European Council – in synergy with the initiatives of the European Commission. The meeting of the European Council had to be special, focused only on this objective. We had to hold it sufficiently early to provide guidance for the following Councils of Ministers and sufficiently late to allow for the hard work of persuasion required to reach agreement. This action relied on a series of initiatives formally proposed by the Presidency, at its own risk, resulting in multiple contacts made with all Community bodies and national governments. Ultimately, it led to the Prime Minister's visit to all E.U. capitals. Public debate also made it possible to collect a widely diversified set of contributions from civil society, from all E.U. governments and from all Community bodies.

Decisions made at the Lisbon Summit helped define the final shape of the high-level consensus and mobilisation obtained meanwhile, by establishing more precise objectives, calendars and methods, and by defining the mandates of all the formations of the Council of Ministers involved. This propeller enabled the last meeting of the European Council at Feira in June 2000 to produce a set of concrete results, which began to be transposed at the national level and developed during the following Presidencies.

2. The Lisbon Strategy

A new strategic goal and an overall strategy was defined by Lisbon European Council on 23-24 March 2000. Quoting its own Conclusions:

'The Union has today set itself a ***new strategic goal*** for the next decade: *to become the most competitive and dynamic knowledge-based economy in the world,*

capable of sustainable economic growth with more and better jobs and greater social cohesion. Achieving this goal requires an **overall strategy** *aimed at:*

- *preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market;*
- *modernising the European social model, investing in people and combating social exclusion;*
- *sustaining the healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix.'*

This quotation is important to clarify that, contrary to some vulgarisations, the strategic goal defined in Lisbon is not "to become the most competitive" but to achieve this particular combination of strong competitiveness with the other features. This should make clear the specificity of the European way.

The Lisbon Strategy set the following main political orientations:

a) a policy for the information society aimed at improving the citizens' standards of living, with concrete applications in the fields of education, public services, electronic commerce, health and urban management; a new impetus to spread information technologies in companies, namely e-commerce and knowledge management tools; an ambition to deploy advanced telecommunications networks and democratise the access to the Internet while producing content that adds value to Europe's cultural and scientific heritage;

b) an R&D policy whereby the existing community programme and national policies converge into a European area of research by networking R&D programmes and institutions. A strong priority for innovation policies and the creation of a Community patent;

c) an enterprise policy going beyond the existing community programme, combining it with a coordination of national policies in order to create better conditions for entrepreneurship – namely administrative simplification, access to venture capital or manager training;

d) economic reforms that target the creation of growth and innovation potential, improve financial markets to support new investments, and complete Europe's internal market by liberalising the basic sectors while respecting the public service inherent to the European model;

e) macro-economic policies which, in addition to keeping the existing macro-economic stability, vitalise growth, employment and structural change, using budgetary and tax policies to foster education, training, research and innovation;

f) a renewed European social model relying on three key drivers, *i.e.* making more investment in people, activating social policies and strengthening action against old and new forms of social exclusion;

g) new priorities defined for national education policies, *i.e.* turning schools into open learning centres, providing support to each and every population group, using the Internet and multimedia; in addition, Europe should adopt a framework of new basic skills and create a European diploma to embattle computer illiteracy;

h) active employment policies intensified wit the aim of making lifelong training generally available and expanding employment in services as a significant source of job creation, and improvement in the standards of living and promotion of equal opportunities for women and men. Raising Europe's employment rate was adopted as a key target in order to reduce the unemployment rate and to consolidate the sustainability of the social protection systems;

i) an organised process of cooperation between the Member States to modernise social protection, identifying reforms to answer to common problems such as matching pension systems with population ageing;

j) national plans to take action against social exclusion in each and every dimension of the problem (including education, health, housing) and meeting the requirements of target groups specific to each national situation;

k) improved social dialogue in managing change and setting up of various forms of partnership with civil society, including the dissemination of best practices of companies with higher social responsibility.

3. Strategy and governance

The actual implementation of any strategy requires a political engine, *i.e.* a governance centre at the European level with the power to coordinate policies and adapt them to each national context. The Lisbon decisions made this governance centre stronger, in three ways:

- First, the European Council would play a stronger role as coordinator of the economic and social policies, henceforth devoting its Spring Council to the monitoring of this strategy, based on a synthesis report presented by the European Commission;

- Second, the broad economic policy guidelines would improve the synergy between macroeconomic policies, structural policies and employment policy;

- Third, in order to complement the legislative instruments, the Union adopted an open method for inter-Member State co-ordination, which began being applied to various policy fields, stepping up the translation of European priorities into national policies.

The open method of coordination was elaborated after a reflexion on governance aiming at defining methods for developing European dimension. This elaboration can be summed up as follows.

The political construction of Europe is a unique experience. Its success has been dependent on the ability to combine coherence with respect for diversity and efficiency with democratic legitimacy. This entails using different modes of governance depending on the problems to be solved and involving specific instruments and institutions. For good reasons, various methods have been worked out which are placed somewhere between pure integration and straightforward co-operation. Hence (See Annex C and B):

- Monetary policy is a single policy within the Euro zone.
- National budgetary policies are coordinated at European level on the basis of strictly predefined criteria and rules.
- Employment policies are coordinated at European level on the basis of guidelines and certain indicators, allowing some room for adjustment at national level.
- A process of co-operation is encouraged in cultural policies with due regard for national differences.

Policies aimed at building the single market and the EMU, such as competition policy, monetary policy or fiscal policy are, logically, single or based on a stricter method of coordination in relation to the principles to be observed. However, there are other policies which concentrate more on creating new skills and capacities for responding to structural changes. They involve learning more quickly and discovering appropriate solutions. Such policies have resulted in the formulation of strategic guidelines at European level for coping with structural change and which are more open to national diversity.

As a matter of fact the main source of inspiration for the open method of coordination was that of the Luxembourg process regarding European employment strategy. This method was created to overcome a strong political difficulty identified in the preparation of the special European Council of Luxembourg on employment in 1997, because it was not possible to adopt a common target for unemployment reduction as a counterpart of the common targets for inflation, deficit and debt reduction. But under the political pressure of this Summit, it became possible to adopt common qualitative guidelines instead, making some political choices to reform the European labour markets. After that, a process was organized whereby Member States emulate each other in applying them, stimulating the exchange of best practices, and defining specific targets while taking account of national characteristics. The European Commission presents the proposal of European guidelines, organises the follow-up and can make recommendations to Member States. Despite some difficulties, the results obtained

have been stimulating and encouraging and the current National action plans for employment adopted by all Member States are proof of this.

4. The open method of coordination

Three years later, the definition of the open method of coordination was expressly undertaken during the preparation of Lisbon European Council in order to develop the European dimension in new policy fields, namely information society, research, innovation, enterprise policy, education and fighting social exclusion. After in depth discussions led by the Presidency with governments, the European Commission, the European Parliament and social partners, this Summit formally adopted this method in the following terms (Presidency Conclusions, 2000):

"*Implementing a new open method of coordination*

1. Implementation of the strategic goal will be facilitated by applying a new open method of coordination as the means of spreading best practices and achieving greater convergence towards the main EU goals. This method, which is designed to help Member States to progressively developing their own policies, involves:
   - fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long terms;
   - establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practices;
   - translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;
   - periodic monitoring, evaluation and peer review organised as mutual learning processes.

2. A fully decentralised approach will be applied in line with the principle of subsidiarity in which the Union, the Member States, the regional and local levels, as well as the social partners and civil society, will be actively involved, using varied forms of partnership. A method of benchmarking best practices on managing change will be devised by the European Commission networking with different providers and users, namely the social partners, companies and NGOs."

A last issue should be addressed. How could the implementation of the open method of coordination in the different policy fields be coordinated? According to the Lisbon Summit conclusions, paragraph 36:

"*These improvements will be underpinned by the European Council taking on a pre-eminent guiding and co-ordinating role to ensure overall coherence and the ef-*

fective monitoring of progress towards the new strategic goal. The European Council will accordingly hold a meeting every Spring devoted to economic and social questions. Work should consequently be organised both upstream and downstream from that meeting. The European Council invites the Commission to draw up an annual synthesis report on progress on the basis of structural indicators to be agreed relating to employment, innovation, economic reform and social cohesion".

Hence, the European Council should regularly guide and monitor the outcomes achieved by the open method of coordination in its different fields, based on regular initiatives taken by the European Commission. This requires two different capacities from the Members of the European Council:

- to define general orientations for the different policy fields in order to organise the work of the different formations of the Council upstream and downstream;
- to ensure their implementation at European and national level.

Following the Lisbon Summit conclusions, this method is now being implemented in different policy fields:

- In information society policy, eEurope Action Plan points out clear priorities, best practices, indicators and responsibilities at European and national level.
- In enterprise policy, a benchmarking exercise based on common indicators is being implemented involving national policies.
- In research policy, an Action Plan was adopted based on common objectives for research policy in order to achieve 3% of the EU GDP in R&D investment.
- In the Cardiff process, structural indicators are being identified in order to reinforce the defined priorities to underpin the national reports on economic reforms.
- In education policy, besides the definition of common objectives, indicators and targets, discussion is taking place in order to implement common priorities and best practices using national reports.
- In social inclusion, priorities and indicators were identified, after adopting common objectives, in order to prepare national plans.
- In social protection, common objectives were defined for its modernisation and a regular joint report with the national strategies is being delivered.

As required by the Lisbon Summit conclusions, a set of common structural indicators were adopted by the Nice Council covering the areas of employment, economic reform, innovation and social cohesion and integrated in the Synthesis Report which is presented by the European Commission to the Spring European Council. Over the last three years, these indicators were improved and diversified

and are now available in a database. The European Union can now follow-up not only nominal convergence but also real convergence.

The open method of coordination has already been subject to many discussions at the political level, and it is also raising some first contributions coming from social sciences researchers. This emerging debate leads me to contribute some *ex-post* elaboration and clarification. These remarks also take into account recent theoretical developments in political science, economics and management sciences.

Some general remarks seem necessary in order to clarify the method itself:

- the purpose of the open method of coordination is not to define a general ranking of Member States in each policy, but rather to organise a learning process at European level in order to stimulate exchange and the emulation of best practices, and in order to help Member States improve their own national policies.
- the open method of coordination uses benchmarking as a technique, but it is more than benchmarking. It creates a European dimension and makes political choices by defining European guidelines, and it encourages management by objectives by adapting these European guidelines to national diversity.
- the open method of coordination is a concrete way of developing modern governance using the principle of subsidiarity.
- the open method of coordination can foster convergence on common interest and on some agreed common priorities while respecting national and regional diversities. It is an inclusive method for deepening European construction.
- the open method of coordination is to be combined with the other available methods, depending on the problem to be addressed. These methods can range from harmonisation to co-operation. The open method of coordination itself takes an intermediate position in this range of different methods. It goes beyond inter-governmental cooperation and it is an instrument of integration to be added to a more general set of instruments.
- The European Commission can play a crucial role as a catalyst in the different stages of the open method of coordination namely by: presenting proposals on European guidelines, organising the exchange of best practices, presenting proposals on indicators and supporting monitoring and peer review.
- The open method of coordination can also become an important tool to improve transparency and democratic participation.

The open method of coordination is called "open" for several reasons:

- because European guidelines and their relative priority can be adapted to the national level;

- because the best practices should be assessed and adapted in their national context;
- because there is a clear distinction between reference indicators to be adopted at European level, and concrete targets to be set by each Member State for each indicator, taking into account their starting point. For example, the common indicators can be the ratio between investment in R&D and the GDP, or the participation rate of women, but the target should be different for each Member State. It means that monitoring and evaluation should focus mainly on progressions or relative achievements;
- because monitoring and evaluation should take the national context into account in a systemic approach;
- last, but not least, because the development of this method in its different stages should be open to the participation of the various actors of civil society. Partnership is a tool of modern governance.

5. Overview of the Lisbon strategy implementation

In a general overview of the implementation of the Lisbon strategy, some trends can be drawn:

- the Lisbon strategy has been a central reference point in the development and renewal of EU economic and social policies;
- the European Commission has systematically incorporated this strategy in its work programme and has presented a long list of proposals in line with the political agenda and guidelines defined in Lisbon (see the Bibliography in annex);
- the open method of co-ordination, proposed by the said strategy for the deepening of Europe's construction, is being extended to the information society, enterprise, research, innovation, education, social exclusion and social protection policies;
- the Council (namely its Competitiveness, Employment and Social Affairs, Education, Environment and Ecofin formations) is gradually fulfilling the said agenda, based on such proposals (See Annex A);
- part of the guidelines defined at the EU level is currently being adapted by Member States at the national level, even if the connection to the European level is not often made explicit.

Special reference should be made to the most relevant progress, as follows:

a) The e-Europe Plan for the information society has achieved a considerable level of implementation at the European and national level. The new edition of this Plan for 2003-2005 has already been launched;

b) The Multiannual Programme for Enterprise, approved in 2001 and the European Charter for Small Enterprises are the basis of a benchmarking exercise on enterprise policy which is currently under way;

c) Both national reports and the synthesis report on economic reforms (the Cardiff process) and the coming Working Programme on the Single Market make reference to the accomplishment of the Lisbon strategy. Significant progress has been made with the approval of the statute of the European company, the communication on services of general interest, the reduction of State aid and liberalisation in the telecom industry and energy sectors;

d) The reform and integration of financial markets, based on reports made by the European Commission and the Committee of Wise Men, is currently under way;

e) The Innovation 2000 Initiative launched by the European Investment Bank has supported a wide range of projects in the Member States;

f) The guidelines and instruments for building a European Research Area are underway with the 6th Framework Programme of research and development for 2002-2006;

g) The focus on knowledge as a critical factor for the success of the overall strategy was enhanced by the decision to adopt a common framework for the strengthening of innovation and an Action Plan for investing in research with four main priorities:

- developing the open method of coordination between Member States, creating European technology platforms around key technologies and designing a coherent mix of policy instruments;
- improving the public support to research and innovation including human resources;
- redirecting public spending towards research and innovation, including public procurement and State aids
- improving the framework conditions for private investment in research, including intellectual property, competition rules, financial markets and tax policy. It worthy to note that, in the meantime, a political agreement on the Community patent was finally reached.

  This new focus on knowledge is also having implications for reconsidering the nature of industrial policy in the European Union as well as the enterprise policy which is emphasising the importance of entrepreneurship. The implications of this focus for education policy are drawn by the Copenhagen Declaration as well as by the debate on the role of the universities in the Europe of knowledge.

h) In terms of education policy, there is considerable renewal in the approach based on the open method of co-ordination and ambitious common objectives and targets were defined for lifelong learning;

i) The employment package approved in the Luxembourg process includes a significant renewal in the guidelines, based on the Lisbon strategy. After a mid-term review, the employment guidelines were also adapted to the general framework of the Lisbon strategy (European Commission 2003-F). Starting from three overarching objectives – "more jobs, better jobs and social inclusion" – these guidelines identify the following priorities:
   - active and preventive measures for the unemployed and inactive;
   - foster entrepreneurship and promote job creation;
   - address change and promote adaptability in work;
   - more and better investment in human capital and strategies for lifelong learning;
   - increase labour supply and promote active ageing;
   - gender equality;
   - combat discrimination and promote integration in the labour market;
   - make work pay through incentives to enhance work attractiveness;
   - transform undeclared work into regular employment;
   - promote occupational and geographical mobility and improve job matching.

j) As to the social protection policy, the Commission, the High-Level Group on Social Protection and the Economic Policy Committee are jointly developing relevant work on the problems and implementation of reform strategies;

k) The policy on the fight against social exclusion has perhaps achieved the most rapid progress, as the Council-approved list of appropriate objectives was turned into national plans on the fight against social exclusion, in 2001. A second generation of national plans is now being launched;

l) After complex discussion, the European Social Agenda was approved at the Nice European Council, defining the social policy priorities for the next 5 years;

m) The environmental dimension was added by the European Council of Stockholm in 2001 to the economic and social dimensions defined in Lisbon, providing the European Union with a comprehensive strategy for sustainable development.

n) Last, but not least, the broad guidelines of the economic policies have begun, in the framework of the Stability Pact, to answer to the requests of the Lisbon strategy. In fact, the recommendations presented by the European Commission, keep the focus on macroeconomic stability emphasizing the need to maintain the budgetary positions close to balance or in surplus throughout

the economic cycle, to avoid pro-cyclical policies and to ensure that nominal wages increases are consistent with price stability. Another main concern is with sustainability encompassing environment, social sustainability and public finances notably in the light of the ageing trends and their implications for the pension systems. Finally another concern is with the need to increase the growth potential by fostering structural reforms. Besides improving the regulation of the labour markets in order, for instance, to avoid the unemployment and poverty traps, implementing the Risk Capital Action Plan or simplifying the corporate tax systems, a reference is made to:

- redirecting, while respecting overall budgetary constraints, public expenditure towards growth-enhancing investment in physical and human capital and knowledge;
- and establishing an appropriate framework for joint public-private initiatives.

Another novelty to be underlined concerns the procedure to coordinate the broad economic guidelines with the employment guidelines and the single market agenda. They were synchronized which means that, from now on, their main orientations will be defined in a more coherent way by each Spring European Council and their specification will be endorsed by the European Council of June. This more consistent timeframe will make it easier to coordinate the economic and social policies at both European and national level.

Nevertheless, and in spite of this progress, a decisive test to the effectiveness of the Lisbon strategy is the Member States' ability to implement it at the national level. We will deal with these issues in more detail in the next sections.

Addressing a medium term agenda of structural reforms in the context of globalisation, the Lisbon strategy might keep its relevance for the years to come. Nevertheless, its effectiveness depends crucially on the institutional reform of the Union in this challenging period of enlargement and reshaping of the global order. Another condition for success is more a informed and participative civil society and public opinion.

6. Some implications of the Lisbon strategy for the institutional reform of the European Union

It is also important to identify the implications of the Lisbon strategy for the institutional reform of the European Union. Taking into account the structure of the draft Constitution recently presented by the European Convention, the main implications seem to be the following in each proposed Title:

a) The objectives of the Union:
- to keep the balance between the three dimensions of sustainable development: economic, social and environmental;

- to promote full employment
- to combine stronger European coherence with respect for national diversity.

b) The European citizenship:
  - the policies comprised by the Lisbon Strategy can contribute to giving a concrete content to the rights included in the European Charter of Fundamental Rights.

c) The competences and the actions of the Union:
  - the implementation of the Lisbon strategy is based on the construction of a multilevel system of governance coupled with an enhanced European government;
  - the key issue is to create a positive synergy in the interaction between the different levels (European, national and local);
  - this requires a good mix in each policy between the exclusive competences of the Union (predominant in trade, competition and monetary policies), the shared competences (predominant in fiscal, environment, research or employment policies) and the support competences of the Union by promoting and coordinating the national policies (competences which are predominant in the education, innovation, social protection and social inclusion policies).

d) The institutions of the Union:
  - the European government should be based on a stronger synergy between the Commission and the Council;
  - the exclusive right of the initiative belongs to the European Commission as it can be seen in the presentation of the Spring Report followed by the presentation of the guidelines for the different policies;
  - the European Council is supposed to play a role of strategic leadership, general co-ordination of the various policies and their enforcement at national level; the Spring European Council is particularly focused on the Lisbon strategy, coordinating the annual cycle of the economic and social policies;
  - the distinction between the legislative and the executive Council can be very useful;
  - the formations of the Council which are relevant for the Lisbon strategy are: Ecofin, Employment and Social Policy, Competitiveness, Environment, Education, Transports and Telecommunications. It is particularly important to create a Council of General Affairs composed of ministers of European Affairs representing the Prime ministers and able to co-ordinate the various policies, to prepare and to make the follow-up of the European Council;

- the European Parliament should be involved more systematically in the follow-up of the Lisbon strategy, as well the national parliaments; this requires better coordination among the different commissions.

e) The implementation of the Union's competences and actions:
  - the Lisbon strategy should make full use of the different instruments of the Union: legislative (laws or framework laws), implementation acts, support instruments for promoting or for coordinating the national policies, such as the open method of coordination;
  - the quality majority voting should be extended to almost all legislative instruments;
  - the coordination of the various policies should be based on a coordinated calendar for adoption, implementation and assessment.
  - the open method of coordination should have a more clear reference in the Treaty, compatible with some adaptation to each specific policy. The main components of this method, which should be mentioned in the Treaty, are:
    - common guidelines or objectives adopted at European level;
    - their adaptation to the national and the regional policies;
    - a monitoring procedure with a peer review based on common indicators and on identifying best practices;
    - the initiative by the European Commission and the validation by the Council and the European Parliament;
    - a procedure to involve the social partners and the other stakeholders of the civil society.

f) The Union's democratic life:
  - the open method of coordination enhances the principles of participative democracy, partnership and sharing responsibilities;
  - the possible roles of the civil dialogue and the social dialogue should be clearly identified;
  - a body for tripartite social *concertation* at a strategic level should be created.

g) The finances of the Union:
  - the coordination of the national policies has a multiplier effect on the Union's budget;
  - the Union's budget should involve the means to support the Union's competences in the Lisbon strategy.

h) The external action of the Union:
  - a more coordinated external action of the Union is crucial to reap the full benefits of the Lisbon strategy, understood as a pro-active response to globalisation.

Finally, the identification of the instruments to be used in each policy should define a "floor" but not a "ceiling". Further developments should be allowed, setting an evolutionary concept of the polity underpinning the new Treaty. Managing this interaction between the policies' evolution and the institutional reforms has been the essential art of the European construction.

A fair assessment of the draft Constitution presented by the European Convention shows that a substantial part of this list was considered. It is now crucial to consolidate and to improve this outcome during the Intergovernmental Conference.

7. Prospects for the Lisbon Strategy

An effort of synthesis was necessary to prepare the Lisbon strategy. This kind of effort is also necessary to do the follow-up (as shown by each Spring European Council), and even more, its assessment. In a preliminary way, let me try to point out some of the progress which has been achieved, as well as some of the difficulties and new challenges to be faced.

7.1. Let's start with the information society, which seems one of the best examples of concrete progress we are having for the moment. An innovative approach was put forward to develop this information society, based on expanding the different uses of Internet and preparing people, companies and public services. The E-Europe action plan gave a boost to information society plans at national level, and the benchmarking exercise is making real progress on the ground. A second European plan has already been presented for the next three years. However, a knowledge-based society is more than an information society, and there are still many areas where Europe is lagging behind the U.S. Information technologies must be combined with deep organisational change for an effective modernisation of public administrations and companies. In order to generalize this access across all social groups and to bridge the digital divide, it is also important to invest in new technological solutions such as broadband and digital TV.

7.2. In the research policy we are already launching the 6th framework programme whose aim is to create a European research area by networking excellence and improving the co-ordination of national programmes. Recently, in the Barcelona European Council an ambitious target was defined: by 2010, an average of 3% of the European GDP should be invested in R&D, combining public and private investment. An Action Plan was adopted afterwards with this purpose. But here lies a clear difficulty: in order to reach this target, it is crucial to develop an ambitious strategy for a knowledge-based economy with a relevant European dimension. This is a matter not only for R&D institutions but also for companies.

7.3. That target is why policies for innovation and enterprise will become crucial. It means cutting red tape, fostering entrepreneurship, tackling the skills gap, strengthening the interface between R&D institutions and companies and developing partnerships for innovation. The open method of coordination can boost this process. I think we now have the political conditions for a step forward: to develop national plans for entrepreneurship and innovation, adapting the European guidelines already identified at European level. This can make a difference to European competitiveness.

7.4. The recent endorsement of the Galileo project is also fulfilling a European ambition to launch leading technological undertakings with relevant spillover effects. By contrast, the ongoing discussion on community patents, even if a broad political agreement was already reached, is still hindered by particular national interests.

The environment for innovation can also be strongly improved by opening the markets, integrating financial markets and providing risk capital at European level. That is why the recent decision of the Barcelona European Council to liberalise the energy market and to endorse the Lamfalussy report on financial markets is so important. The decision of the European Council also proved that it is possible to combine liberalisation and services of public interest. The telecommunications sector is already presenting some examples, but more in-depth discussion is needed to provide concrete solutions in each sector. The single market in services should now become the next frontier.

7.5. The labour market policies are being updated not only to provide a concrete solution for each unemployed person but also to increase the sustainability of the social protection systems. They should also be reformed in order to facilitate the mobility throughout the life cycle between jobs, training and family life. The development of a diversified services sector to support families is also a pre-condition for equal opportunities.

7.6. In the social field, there is also relevant progress. Following the experience of the Luxembourg process for employment policies, the open method of coordination is now being applied in social inclusion policy: All Member States now have national plans for fighting social exclusion in its old and new forms, such as the risk of social divide. The same process is being developed in social protection, in spite of the national diversity in this field, by reforming the pension system to cope with ageing trends. Nevertheless, we will still have complex problems of sustainability with which to deal. More broadly, the European social agenda is dealing with diversified problems concerning the reform of the European social model.

7.7. Even in education policy, a classic domain of national sovereignty, it was recognised that Member States are facing a set of common problems which justified a set of common objectives concerning quality, access, basic skills

and lifelong learning. Member States commit themselves to reporting regularly on their progress in the framework of the open method of coordination, which is being organised in this field. Social partners are also in line with these efforts with their recently agreed framework for action on lifelong learning. But we are still facing many difficulties in order to build a so-called learning society: How should we share the costs of this investment? How should the social management of time evolve? How can schools become open learning centres? The education and training systems are being challenged to provide learning opportunities to new publics using multimedia instruments and creating open learning centres. We need to define how should these costs of lifelong learning should be shared between public authorities, companies and individuals in order to provide real opportunities for all.

Let me conclude by pointing out some key issues to be addressed in the future development of the Lisbon strategy. This exercise should be amplified by stronger interaction between policy makers and researchers.

First of all, enlargement implications. The Lisbon strategy should be envisaged by candidate countries as an opportunity for catching up more than as an additional difficulty. That is why the open method of coordination is based on common priorities and indicators, but it also assumes that the concrete targets are defined by the Member States themselves according to their different points of departure. This means that the Lisbon strategy and the open method of coordination provide a framework for real convergence and for reconsidering economic and social cohesion policies.

Macroeconomic policies, namely budgetary and tax policies should, in the framework of the Stability Pact, be more sophisticated in order sto foster structural change. For instance, public expenditure and tax incentives should focus on supporting innovation and lifelong learning. It is also important to remember that the Lisbon strategy aims at fostering the growth potential and the growth rate in a sustainable path. With a higher rate of sustainable growth, it will be easier to keep up with the stability criteria. If macroeconomic policies and structural reforms are to be mutually reinforcing, their interaction should become more sophisticated. New criteria and indicators should be identified in order to assess the quality of public finances and their impact on structural change and on growth potential. These criteria should be taken into account when examining the national stability and growth programmes and the nature of the public debt and the public deficit. Finally we should not forget the possible role of tax policy in increasing the growth potential, notably by stimulating and rewarding the most innovative small and medium enterprises. All these issues require further debate.

Finally, we need to strengthen a comprehensive approach to build a knowledge-based economy and society. This is crucial for the success of the Lisbon

strategy. This can make the difference in the European way. We need to build new kind of competitive factors in order to sustain our quality of life. Knowledge is more than information, partnerships for innovation should be encouraged and knowledge management procedures should be improved in companies, schools, R&D institutions and public services. Our cultural diversity is an asset because it enables us to understand other cultures, and can give us a more effective role in a globalised world.

The main concern regarding the Lisbon strategy should now be meeting the already defined targets, carrying on its translation to the national level and converting it into an agenda for the initiative of the different actors.

After the third Spring European Summit – Stockholm, Barcelona and Brussels under the Greek Presidency – one can say that the Lisbon strategy is entering a new stage. After considerable work by European institutions, most of the orientations were adopted in Lisbon Summit and specified into action plans, directives and other instruments. The priority effort should move to their adaptation and implementation at national and local level, including those of the new Member States.

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Annex A
The Lisbon Strategy

Policies, European instruments and concrete measures

Policies	European Instruments	Some Concrete Measures
Information Society	eEurope Action Plan	- Internet access in schools, public services, companies - e-commerce
Enterprise Policy	Multiannual Programme for Enterprise and Entrepreneurship European Charter for Small Enterprises	- Support to start-ups - Cutting red tape
Innovation Policy	Framework of Common Objectives	- Developing the national systems of innovation
Research Policy	6th Framework Programme European Research Area Towards 3% of GDP Action Plan for Research	- Networks of excellence - Integrated projects
Single Market	Single Market Agenda Financial Services Action Plan Risk-Capital Action Plan	- Telecommunications pckage - Energy - Single sky - Community patent - Gallileo
Education	Common objectives and targets eLearning Bologna Process for High Level Education Copenhagen Declaration for lifelong learning Action Plan for skills & mobility	- New tools for lifelong learning - Convergence of degrees and recognition of qualifications
Employment	European Employment Strategy: Joint Employment Report, Employment guidelines and Recommendations for Members States' employment policies	- Better employment services - Adaptability with security - Equal opportunities - Active ageing
Social Protection	Common objectives for pension provision Integrated approach for safe and sustainable pensions	- Coping with ageing
Social Inclusion	Common objectives Community Action Programme to combat discrimination Framework strategy on gender equality	- Targeted measures for the National Action Plans
Environment	EU strategy for sustainable development 6th Community Action Programme for Environment Community Eco-label working plan	- Community Eco-label awards - Environmental inspections
Macroeconomic Policies	Broad Economic Policy Guidelines Stability and Growth Pact	- Redirecting public expenditure for growth and employment

Annex B
The Lisbon Strategy

The instrument mix of the various policies

Policies	Types of Instruments		
	Directives	Open Method of Coordination	Community Programmes
Information Society	- Directive on a common regulatory framework for electronic communications networks and services - Directive on privacy and electronic communications - Universal Service Directive - Authorisation Directive - Access Directive - Directive on electronic commerce' - Directive on a Community framework for electronic signatures	eEurope Action Plan	- Programme to encourage the development, distribution and promotion of European audiovisual works (MEDIA Plus) (2001-2005) - Multiannual programme to promote the linguistic diversity of the Community in the information society
Enterprise Policy	Technical harmonization directives	European Charter for Small Enterprises	Multiannual Programme for Enterprise and Entrepreneurship
Innovation Policy		Framework of Common Objectives	
Research Policy		European Research Area Towards 3% of GDP Action Plan for Research	6th Framework Programme
Single Market	Harmonization directives	- Financial Services Action Plan - Risk-Capital Action Plan	

Annex B (Continuation)

Education	Directive establishing a mechanism for the recognition of qualifications in respect of the professional activities covered by the Directives on liberalisation and transitional measures and supplementing the general systems for the recognition of qualifications	- eLearning - Common objectives and targets - Bologna Process for High Level Education - Copenhagen Declaration for lifelong learning - Action Plan for skills and mobility
Employment	- Directive on the abolition of restrictions on movement and residence within the Community for nationals of Member States with regard to establishment and the provision of services - Directive on the introduction of measures to encourage improvements in the safety and health of workers at work - Directive on the organisation of the working time of persons performing mobile road transport activities - Directive concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP - Directive concerning certain aspects of the organization of working time	European Employment Strategy: Joint Employment Report, Employment guidelines and Recommendations for Members States' employment policies

Annex B (Continuation)

	- Directive supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed- duration employment relationship or a temporary employment relationship - Directive on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women		
Social Protection	Directive on the implementation of the principle of equal treatment for men and women in occupational social security schemes	- Common objectives for pension provision - Integrated approach for safe and sustainable pensions	
Social Inclusion		- Common objectives - Framework strategy on gender equality	Programme of Community action to encourage cooperation between Member States to combat social exclusion
Environment	Directives on the protection and improvement of the environment Directive on the assessment of the effects of certain public and private projects on the environment	- EU strategy for sustainable development - Community Eco-label working plan - Council Resolution on Corporate Social Responsibility	6th Community Action Programme for Environment

Annex C
Lisbon Strategy

Policies, Modes of Governance and Instruments

Modes of Governance	Instruments	Monetary policy	Trade policy	Single market policy	Fiscal policy	Employment Labour Policies	Research Policy	Social Protection and Social Inclusion Policies	Education and training policies	Enterprise and innovation policies	Environment
Single policy	Delegation in European bodies, laws	X	X	X							
Harmonisations of national policies	Framework laws			X		X		X			X
Coordination of national policies	Framework laws, decisions	X		X							
Open coordination of national policies	Decision on recommendations with monitoring and opinions		X	X		X	X	X	X		
Cooperation of national policies	Recommendations	X			X	X	X				
Supporting national policies	Community programs					X	X	X	X	X	X

The Capacities to Govern in Central and Eastern Europe

by Martin Potůček

The Capacities
to Govern in Central and Eastern Europe

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Introduction

The damage caused by bad public policies and administration often is much more serious than the damage resulting from natural disasters. Bad public policy arises not only because of historically contingent ways of treating public affairs, but is also due to the lack of policymaker readiness to cope with entirely new challenges presented by "globalization." As Dror (2001) notes, *"The on-going globalization raises an urgent question of whether we are able to govern so as to avoid the bad and promote the good. If the [sic] governments fail to master the problem, it will mean not only an escape from democratic responsibility but also a failing leading most likely to the [sic] very undesirable and perhaps even catastrophic consequences in the future." (*10). In the Central and Eastern European region, the problems generated by globalization are further aggravated by specific factors that arise from the stresses, demands and handicaps of economic and political transformation.

The paper focuses on analyzing the key points in the articulation of the interests of differentiated social actors, and their moderation and transformation into accepted public interests via constitutional, administrative and political frameworks. Despite the considerable differences existing in the post-communistic countries, some more general characteristics—stemming primarily from the legacy of communism in combination with the specific features marking the period of transformation in the 1990s—may be delineated. These include a striking

imbalance between the limited capacities to govern and the demanding internal conditions and external factors under which governance runs.

Given such transformation, policymakers need to understand, through rigorous analysis, changes in society and within its "steering structures." The relationship between political, economic and media poweras well as the qualities of the constitutional and political system need to be studied, as does the environment in which public interest-led policy is implemented. The political system includes the study of its institutions, especially its legislative bodies and political parties, as well as the public administration including the relationship between politicians and administrators, coordinative mechanisms, crisis management, audits and the education of civil servants. The problem of public involvement and responsibility of citizens is also taken into consideration.

There is an increasing interest in studying the capacities to govern in international comparative perspective. Let us mention at least some of the ongoing projects: Corruption Perceptions Index (comparing the perception of corruption, used by Transparency International), Global Barometer (evaluating qualities of political institutions), World Business Environment Survey (the investment environment), Civil Society Index (the evaluation of the state of civic society, developed by CIVICUS), the second generation of Governance Indicators (quality of governance, the World Bank), Governance Quality Index (social, economic, political and civic conditions of societies under scrutiny) or World Competitiveness Yearbook (measuring economic competitiveness). These projects have different designs and aims but a similar philosophy and methodology: to use available data to compare different countries in order to help them to learn more about their strengths and weaknesses, and to help the decisionmakers to react to these findings by adjusted public policies. (Nekola 2004)

This paper attempts to contribute to this effort by presenting a general description of the state of governance in post-communist Central and Eastern European countries. The findings presented in this paper are drawn from a study of the Czech Republic as well as the results of an expert survey carried out in April 2003 at the 11th Annual Conference of the Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPAcee) in Bucharest. The survey brought together a total of 78 experts from 23 countries.

The Ten Criteria of Good Governance

The definition of "good governance" starts with the identification of the diverse social interests and their expression in well-articulated public interests. Good governance encompasses methods of seeking, setting, implementing and evaluating public policies which cover the various present and future public interests in a society. An important part of such governance is performed by national public

administration, and is executed in "competitive collaboration" with business and civic sectors.

The development of a more responsible and competent method of governance calls for measures to enhance government efficiency, openness and transparency, while promoting the involvement of citizens and civil society institutions in public affairs. Such a method of governance would reduce barriers to communication between politicians, civil servants and citizens through a broad-based and on-going debate about key political priorities and measures of implementation, a debate which should be conducted by civil society organisations. Such governance would open a public space allowing the direct participation of experts and citizens in the formulation of public interests, in drafting policy proposals, and implementing and monitoring public policies. It also reduces the space for the distortion caused by illegimite intervention of private interests.

There are several critical factors that affect the efficient management of public interest articulation. From the experience of the Czech Republicand other Central and eastern European countries, ten criteria for "good governance" (the Ten Commandments) can be defined (Potucek 1999 (a); Potucek, 1999 (b); Potucek, 1999 (c); Potucek, 2001; Potucek, 2002,; Purkrábek *et al*., 2000).

The first factor contributing to good governance is an **analytical basis for decision-making.** Such an analytical basis consists of the "cognitive environment" which allows decision-makers to find comprehensive evidence about public policy problems, their determinants, alternative ways to solve them, threats and opportunities attendent with these solutions, as well as ways of avoiding potential threats and making full use of emerging opportunities. The establishment of advisory units which would cooperate with political leaders, senior administrative officials and specialists in the area of formulating and implementing various public policies represents an important means of building such decision-making analytic capacity.

Communication in the public space represents a second important factor contributing to good governance. The Rotterdam Program for Governance and European Integration (Rotterdam 1997) deals with the tasks of developing administration within the context of European integration and particularly in Central and Eastern Europe.[2] Public administration effectiveness is inseparably linked with a vibrant civil society (without which fair and efficient policy is less likely). Administration carried out by Government only is not able and capable to respond adequately to the real needs of the people in many areas of public policy. Governments must search for partnership, cooperation, and joint decision-making with the civic sector. Policymaking councils are an example of such partner-

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2 For more information, see Rotterdam Program for Governance and European Integration published in 1997.

ships as these councils consist of government representatives, citizens, and the different interest group organisations which serve to help identify the broadly accepted public policies methods of implementing these policies.[3]

The need for **strategic thinking and governance**, or the coordinated and renewable search and establishment of priorities for a particular state and society through an on-going dialogue, gained prominence during the 1990s. The responsible selection of priorities allowed countries such as Finland, Ireland and Taiwan to "work their way up" to lead an imaginary race with the group of prosperous and rapidly developing countries while simultaneously solving considerable domestic problems. Conversely, countries which did not search for such priorities and left natural national evolution fell behind.

The **democratic mediation of interests** represents a fourth factor of good governance. Political scientists currently analyze the reasons for the declining interest citizens have in public affairs and particularly their declining willingness to be engaged in the administration of public affairs. Such a decline is attributable to the crisis of the traditional system of interest representation caused by the constant decline in confidence in government and its institutions. If the proportionality rule applies – in the sense that the more irresponsible the citizens are, the more unaccountable also are governments – then the outlook for the future is bleak.

Public interests crystallize from a cluster of heterogeneous individual groups, short-term as well as long-term interests. The more successfully Government listens to citizen views (including minorities, the poor and marginalized as well as the views of business representatives) and finds the broadest possible common denominator underlying their interests, the better the results. Yet, social change occurs so rapidly that any particular system representing the interests of these groups in society lags behind the requirements of time. The use of several channels in the evaluation of both existing and proposed policies should increase the overall efficiency of governance. Representative democracy needs to be complemented with participative democracy (connected with strengthening the civic sector's political access) and direct democracy (through the introduction of referenda, electronic forms of articulation and reflection of social interests, and legal forms of lobbying.). A possible governmental response is to encourage all scale participation in public policy where citizens engage themselves in political parties, representative governmental bodies and in civic association as well as in public hearings, discussions, referendums, and petitions. Civic and political edu-

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3 Civic sector institutions should be drawn into administrative activities (governance) without loosing their initiative and independence in the process. Government involvement should aim at sharing information, having regular consultation and, in the end, building consensus among the parties involved.

cation, if taught engagingly, may also contribute to good governance (especially in the long-run).

The **transparency of political parties** is a fifth factor in good governance as the role of political parties in the mediation of interests will always be crucial. Political parties do and should undergo a process of internal transformation and renewal. Their fundamental problem (except of those that managed to "survive" from the pre-1989 era) consists in small memberships – providing too small a base for selecting competent political leaders. There are shortcomings in the political training of both party members and non-members, in the generation of programs, internal management of party organisations (including personnel policies) and in intra-party democracy in the Czech Republic (Potůček *et al.*, 1999). Attempts at increasing the transparency of party finance have have failed so far – putting their popular legitimacy into jeopardy and fomenting popular scepticism about the readiness to play the role ascribed to them in the Constitution. Popular interest in joining and working for political parties has stagnated in the 1990s in the Czech Republic. According to survey data, from the mid 1990s to 2003, only 3% of the adult population declared themselves members of a party and only an additional 3% have declared a potential interest in joining a party (Potůček 2000, Frič *et al.*, 2002).

The **accountability of the government** is the sixth factor in good governance. In the Club of Rome report devoted entirely to the capacities to govern, Dror (2001) points out the vital importance of continually strengthening the capacities of public administration on the regional, national and especially global level. Such capacity strengthening comprises the continual improvement and enrichment of public administration functions – allowing government to adapt and respond quickly to changing conditions. The strengthening of capacity also entails making government more accountable to citizens' needs. Public administrations should be more professional and effective. Capacity building will be complicated and difficult – requiring firm and resolute political support.

Paradoxally, the removal of Communist party power has removed the supervisory superstructure which generated the fear important for State-inspired restraint and control. Control over State activities has been asserted in many Central and Eastern European countries with only a considerable delay; many officials in the meantime have taken advantage of chances to abuse their public positions in order to gain personal benefits. The U.S. *General Accounting Office* has at its disposal hundreds of the highly qualified specialists in domains such as law, public finance, public policy and public administration. Such supervisory auditing capacity determines not only the way financial funds are handled, but especially the extent to which and the efficiency of which a given office is able to carry out its mandate. Systems of internal and external control in Central and Eastern Europe do not generate comparable pressure to guarantee the observance of regulations and ethical codes.

The **interweaving of politics, the market, and the media** is a phenomenon which contemporary democracies attempt to manage. What is at stake is the potential misuse of media by biased economic or political interests as well as the misuse of politics by strong economic interests. The societal transformation in the 1990s offered various actors considerable space to benefit from unjustified enrichment through the non-transparent exercise of influence on political decision-making. The large transfers of property in the region from the public to the private sector were conditioned on personal relations between economic and political elites, an inadequate legal framework underpinning privatization and the functioning of banks and other financial institutions – resulting in the massive misappropriation of public property. As Lindblom (1977) concluded in a clear-sighted way decades ago, the entire economy and society would fall under the yoke of clientelism sooner or later if no robust and controllable means were in place preventing such interconnection. The majority of citizens are the losers of this process as they do not have access to the uncontrolled and undeserved sources of wealth and power. Such widespread losses radically undermine the legitimacy of the whole political arrangement. Future imperatives will include continued improvement in the regulation of privatisation, financial markets, public and privately-owned media, public procurement contracts, political party finance, and public sector supervision.

The social transformation has also seen the rise of media power. At the time when traditional democratic institutions were forming, newspapers were brought to their readers by coach. While the political system has hardly changed since that time (the functioning of the state is still based on the division of power among the executive, legislative and judicial branches of government), the media has changed significantly. The media is becoming increasingly electronic; encircling the globe with an ever more compact network. The focus of power – namely the ability to influence people's thoughts and actions – has shifted dramatically away from rule-bound political and administrative institutions. Power has instead shifted toward media editorial offices, especially those of television. Institutions responsible for regulating the media emerged in the early 1990s with the legislators having little media regulatory experience at the time. In case of publicly-owned and operated media, the danger that such media may succumb to the political party currently in power remained present – as demonstrated during the crisis generated by the appointment of a new director of the public TV station in the Czech Republic in the end of 2000. As for the privately-owned media, they have immense freedom in the style and substance of their broadcasts; and there is a large scope available for making mutually advantageous informal deals between politicians and media actors. Sound regulation of both public and private media is required. Media councils lag hopelessly in their ability to guarantee equal access to the information channels and encourage balanced media reporting.

The eighth factor of good governance is an **appropriate approach to social exclusion**. The European Union promises to be a means for new Central and Eastern European member states to become more influential actors in the global regulatory regime. Nevertheless, the European Union is split as to whether to promote economic efficiency or the (social) quality of life for all. The Copenhagen criteria for accession (1993) were designed more as a technical (economic and political) instrument rather than a tool to steer living conditions in the candidate countries. In the criteria, legal, economic and political issues prevailed while social ones were marginalized – being reduced to the preservation of individual human rights and the building of a loosely defined institutional framework. In the meantime, multinational corporations benefited from new markets created in the accession countries caused by changes in social welfare policy.[4] National pension system reform opened the doors for private insurance funds by introducing the compulsory private (co-) insurance. Such reform offered lucrative markets as post-communist governments lacked strategic thinking, the necessary skills and to a considerable extent legitimacy to develop their own insurance markets (Deacon *et al.*, 1997). Their regulatory capacities were much weaker than these of current EU member states – where the impact of globalization on Welfare State (s) was much less influential (Ferrera-Hemerijck-Rhodes, 2001). Due to this neglect of the social dimension of transformation, the implementation of the ambitious goals of the EU Lisbon Strategy, including the preservation of social cohesion and life-long education, will face serious difficulties in the new Central and Eastern European member states.

Good governance cannot be implemented without **education in public policy and administration.** The Czech Republic was infamous among Central and Eastern European countries for the absence of a self-contained system of civil servant training either in specialized university-level education or in the form of in-service training. This situation changed in 1998 with the formation of the Department for public administration reform within the Public Administration Section of the Ministry of the Interior. In 2000, the Government adopted a document establishing the Institute for State Administration which provides analytical, educational and coordinative functions at the central level of the State administration. Yet, a holistic and integrated system of civil servant education and training in the central State administrative bodies is unlikely to develop before the end of the decade.

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4 After 1989, the transformation of Central and Eastern Europe brought about social problems that influenced the life and perceptions of the population in the candidate countries such as the spread of unemployment and poverty, new health problems, ethnic tensions and conflicts. The incidence and seriousness of these and other problems differ significantly around the Central and Eastern Europe region. In some countries, dual systems (corrupt black market services) have developed in the health care and education, associated with the overall deterioration of social security and educational systems.

The tenth and final factor for good governance involves the consideration of the **global context of policy making.** The imbalance between established modes of governance and the external conditions affecting such governance is growing. Governance systems in industrial societies with clearly defined social structure rely above all on national State institutions. Economic globalization, global perils to the environment, and the onslaught of new information and communication technologies comprise these changing external conditions as do new security risks. Present modes of governance are lacking the adaptability to these external changes, putting in jeopardy the quality and sustainability of life and, in some instances, even fundamental human rights. Early and consistent reform in public management and administration is needed, but the intellectual, organizational, motivational and material resources needed have been insufficient.

Figure 1
List of Good Governance Indicators

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1. *Analytical basis for decision-making*
   - Availability of professional advisory capacity[5]
   - The government nurtures advisory institutions, takes their recommendations seriously and strives to implement recommendations

2. *Communication in public space*
   - Government partners with the civic and commercial sectors
   - Functioning of tripartite institutions
   - Operation of policy-making councils
   - Organisation of public hearings and discussions
   - Existence of public communication competencies

3. *Strategic thinking and governance*
   - Existence of capacity to prepare and approve strategic decisions at all levels of the public administration
   - Development and discussion of national visions, strategies and doctrines
   - Coordinated preparation of departmental and cross-departmental middle-term visions, policies and plans
   - Existence of an effective system of implementation and updating of approved strategies

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5   Such advisory capacity can exist within or outside of the Government and can include consultants within the government, independent think-tanks and academic research institutes.

4. *Democratic mediation of interests*
   - Smooth operation of representative democracy without major disruptions
   - Existence of complementary mechanisms of participatory democracy (involvement of non-profit organizations in legislature and the legal regulation of lobbying)
   - Existence of complementary mechanisms of direct democracy (referenda, petitions, electronic forms of interest articulation and expression)

5. *Transparency of political parties*
   - Functioning of intra-party democracy and the prevention of the formation of oligarchy
   - Transparency of political party finance and submission to regular external checks
   - There is a developed system of political education of party members
   - Political parties attract new members
   - Popular perception of political parties as the legitimate vehicles of interest mediation

6. *Accountability of the government*
   - Effective system of intra-mural control in public administration units
   - General Accounting Office and/or corresponding independent institutions executing extra-mural performance and budgetary audits
   - Right to appeal to administrative courts
   - Functioning of Ombudsman (ombudsmen) institutions
   - Charters of citizens´ rights, patients´ rights, consumers´ rights

7. *Interweaving of politics, the market, and media*
   - Prevention of political elite economic favoritism in decision-making
   - Prevention of corruption at all levels of government
   - Effective regulation of the public sector media
   - Effective regulation of private-owned media
   - Equal access to media by all competing political actors

8. *Approach to social exclusion*
   - Establishment of long-term policies identifying social cleavages and developing approaches to reduce the threat of social exclusion in the market economy
   - Coherent employment policies
   - Sound social security systems
   - Equal access to health care and education
   - Tailored policies towards the vulnerable and minorities

9. *Education in public policy and administration*
   - A comprehensive governmental programme aimed at enhancing the quality of instruction in public policy and administration
   - In-service training capacities at all levels of public administration
   - Broad tertiary education in public policy and administration
   - Specific training programmes for politicians, journalists and citizens
   - Exchange schemes with foreign institutes and schools for students and teachers

10. *Global context of policy making*
   - Well defined national interests in the face of globalization and European integration
   - Insight of analysts and politicians into the rapidly changing global context of national decision-making
   - National administrative capacities to take part in supranational governance (such as the UN, EU, NATO, and OECD).
   - Crisis management

Survey Results

Given the lack of systematic and targeted comparative analysis of public administration practices and institutions in the region, conclusions are difficult to draw about country public sector capacities. A research methodology looking at such capacities should draw on expert knowledge and judgment. The annual conferences of the Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPAcee) are the meeting place of such experts and practitioners – not only from the region, but also from the respected public administration research and teaching institutions from around the world. Given access to this pool of expert judgment, the participants of the 11th NISPAcee An-

nual Conference were asked to fill in a checklist with the ten criteria for good governance mentioned above for their respective countries. Explanations of question meaning were given to the respondents and the participants were asked to evaluate their countrys' capacities to govern according to all ten criteria. The scale for evaluation is shown in Figure 2.

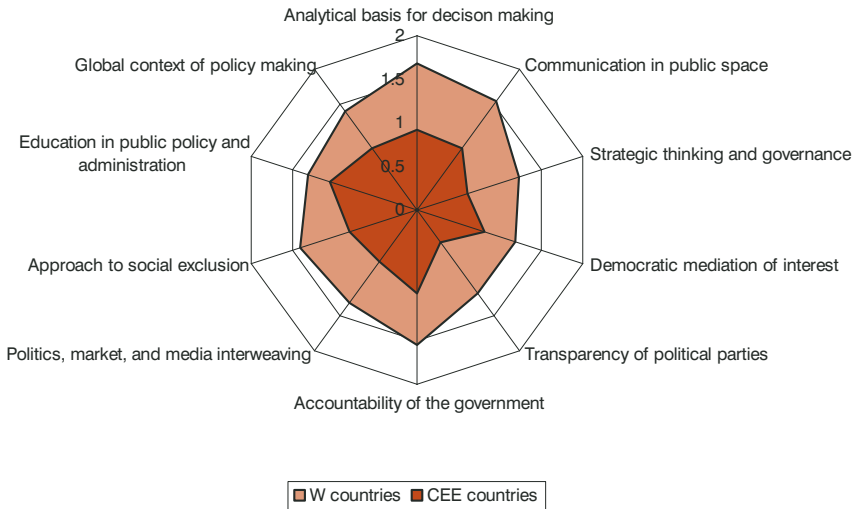**Figure 2**
Survey Evaluation Scale:

Quite bad situation, no clear cut improvements foreseen	0
Mediocre performance, mixed results	1
Well done: remarkable achievements, good prospects for the future	2

Nearly eighty participants responded to the survey. Central and Eastern European countries evaluated by less than five participants were omitted in the cross-country results. The developed countries included the USA, United Kingdom, France, the Netherlands, Germany (11 cases overall). In addition, the survey was carried out at the beginning of October 2003 within my course at the Georgian Institute of Public Administration in Tbilisi. Respondents in this second survey were students of the Public Administration MA program at the Institute. The evaluated Central and Eastern European countries included Czech Republic, Estonia, Georgia, Lithuania, Macedonia, Poland, and Ukraine (74 cases altogether). The results of such a comparison are presented graphically in Figure 3 and numerically in Figure 4.

The countries of Central and Eastern Europe have scores of capacities to govern, on average, below those of the Western democracies. As can be seen from the data, the Western countries score roughly 1.5 on each of the various components of good governance while the variance for Central and Eastern European countries is higher – averaging slightly below the 1.0 range. Despite these averages, individual countries show significantly more variance on each of the components than the region average indicates. In order to see this variance, country plots are given for the Czech Republic (Figure 5), Estonia (Figure 6), Georgia (Figure 7), Lithuania (Figure 8), Macedonia (Figure 9), Poland (Figure 10), and Ukraine (Figure 11).

Figure 3

Generel comparison of capacities of governance in Western countries and Central and Eastern European countries
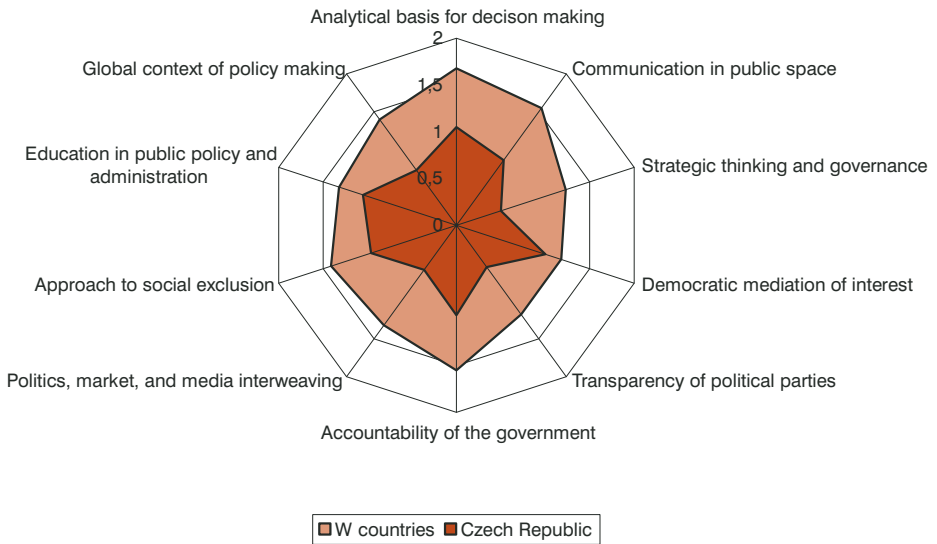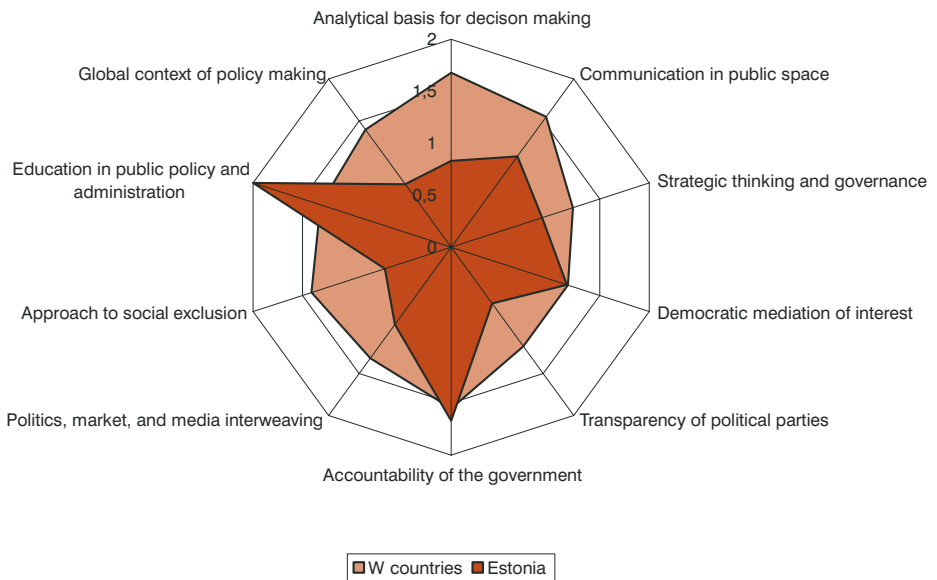

Figure 4

Average scores of selected CEE countries

Criteria ➡ Country ⬇	1	2	3	4	5	6	7	8	9	10	Cases
Czech Republic	1,05	0,86	0,5	1	0,55	0,96	0,59	0,96	1,05	0,73	11
Estonia	0,83	1,08	0,92	1,17	0,67	1,67	0,92	0,67	2	0,75	6
Georgia	0,42	0,35	0,29	0,58	0,40	0,29	0,75	0,35	0,46	0,50	26
Lithuania	1	1,14	1	1,33	0,71	1,17	1,29	0,86	1,29	0,86	7
Macedonia	1	1	0,57	1,29	0,14	1	0,71	0,86	0,71	0,71	7
Poland	0,75	0,67	0,33	0,67	0,5	1	0,58	1,08	1	1,17	12
Ukraine	1	0,8	0,2	0,2	0,8	0,8	0,8	0,6	1	0,8	5
CEE countries	0,86	0,84	0,54	0,89	0,54	0,98	0,80	0,77	1,07	0,79	74
W countries	1,68	1,55	1,23	1,18	1,18	1,55	1,32	1,41	1,32	1,4	11

Figure 5

Comparison of capacities of governance in the Czech Republic with the Western average

Figure 6

Comparison of capacities of governance in Estonia with the Western average

Figure 7
Comparison of capacities of governance in Georgia with the Western average
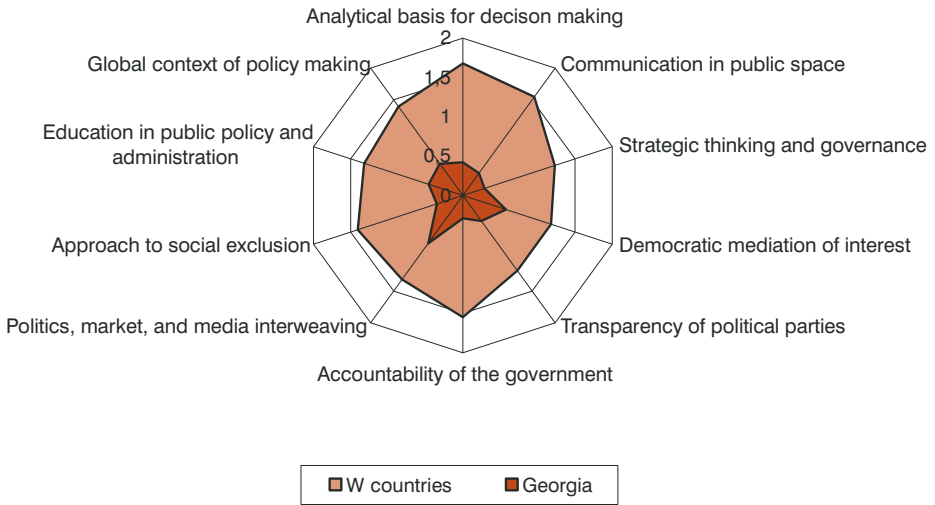
Figure 8
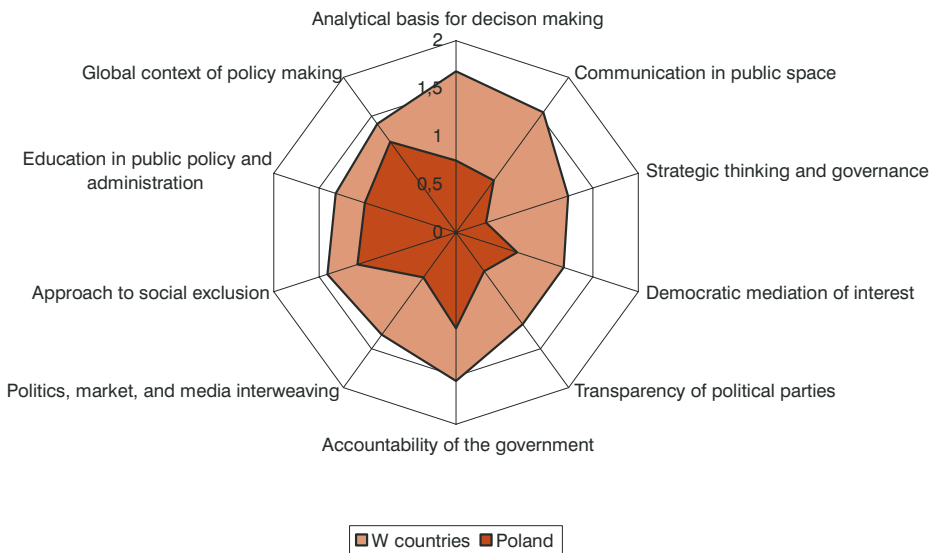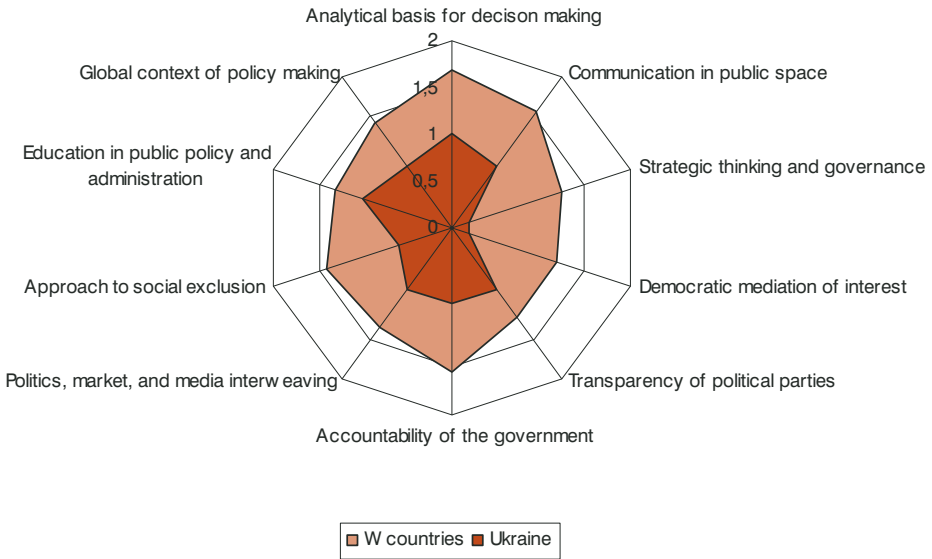Comparison of capacities of governance in Lithuania with the Western average
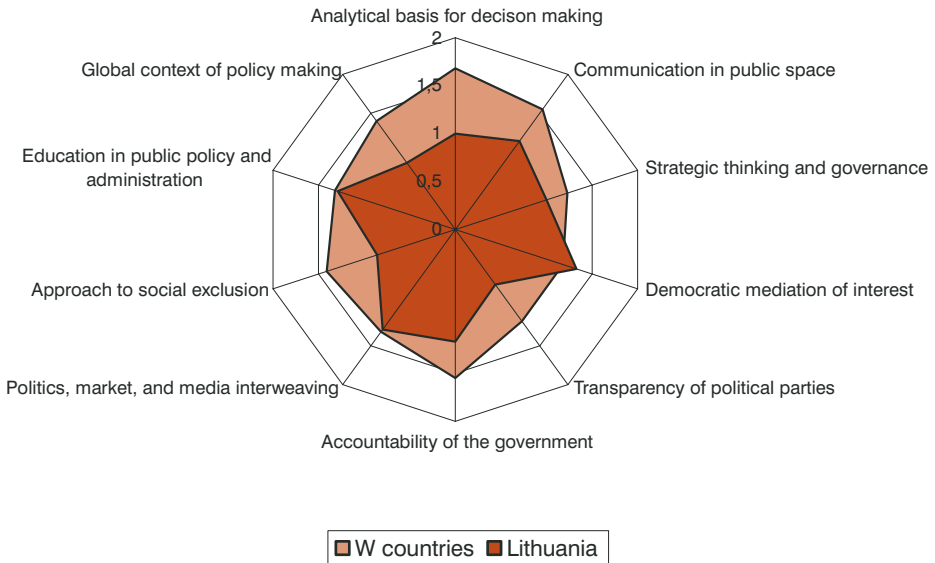
Figure 9
Comparison of capacities of governance in Macedonia with the Western average
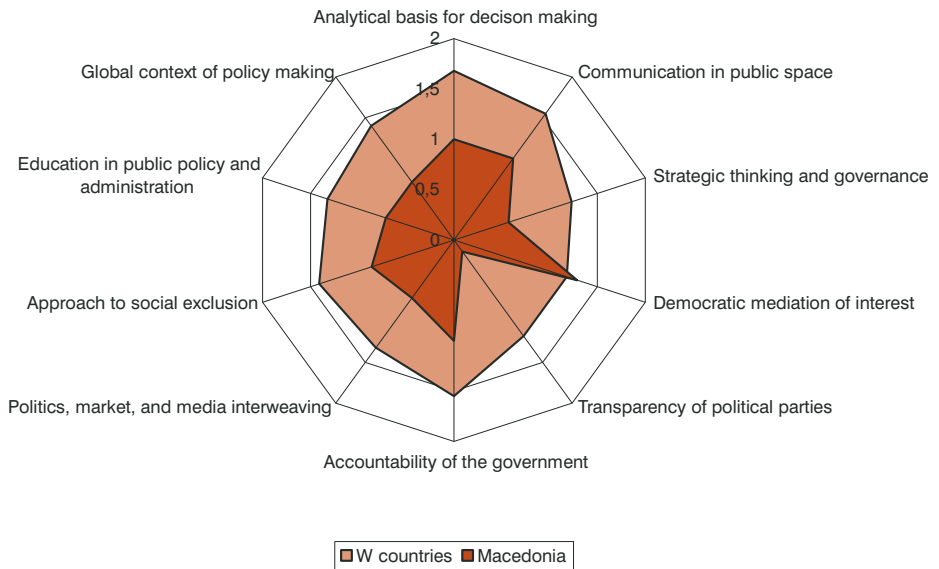
Figure 10
Comparison of capacities of governance in Poland with the Western average

Figure 11
Comparison of capacities of governance in Ukraine with the Western average

Figure 12 compares average values across all ten criteria for the group of Western democracies, the group of all included Central and Eastern European countries (except Georgia), with the seven countries that were represented by five or more survey respondents. As can be seen, there is some variance across the region, with Estonia and Lithuania topping the list while Georgia receives scores much lower than the regional average.

Figure 12
Comparison of general capacities to govern in selected CEE countries
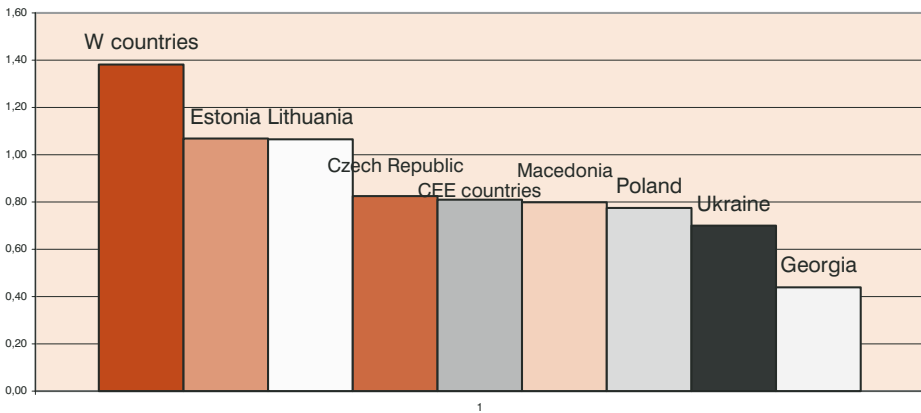
A number of interesting preliminary conclusions may be drawn from the expert survey. The Baltic countries display higher "good governance scores" than the countries of Central Europe which, in turn, have higher scores than Ukraine, not to speak of Georgia. Comparison of the individual factors of good governance for all countries suggests education in public policy and administration, accountability of the government, and analytical basis for decision-making were the strongest dimensions of governance in the region, while the weakest dimensions included the transparency of political parties, with strategic thinking and governance, and the interweaving of politics, the market, and media receiving only slightly higher scores.

Yet, the relevance of these data should not be exaggerated as the expert surveys have apparent methodological limitations. As most of the questioned experts were educators and researchers, not surprisingly education and analytical capacities scored better than issues associated with the core governmental activities. Expert selection was based on their participation in a specific international conference without the application of more elaborate sampling techniques which might have generated a more balanced composition of experts with a wider scope of expertise. Despite these methodological limitations, even this preliminary diagnosis should attract the attention of decision-makers and thus contribute to a better understanding of developmental needs of the Central and Eastern European countries in their continuous effort to achieve better governance.

Conclusion

The answer to the question posed at the beginning of this paper is quite simple. Current Central and Eastern European modes of governance are inadequate to deal with the needs of the region and the global challenges with which these countries are grappling. The citizenry as well as political representatives should fully realize the importance improving the foundations for good governance in order to raise the quality of life of currrent and future generations. Policymakers should urgently adjust their policy and administrative priorities based on this recognition.

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National Environmental Strategy and the Capacity to ...

by Annika Velthut

National Environmental Strategy and the Capacity to Govern: the Case of Estonia

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1. Introduction

Strategic thinking and a need for better management and planning is something that has had a growing importance for the leaders in the central government in Estonia. The Government is not only concerned with national goal-setting activities, but also committed to the strategic initiatives driven by the European Union such as the Lisbon process. The EU accession process has made a positive change in this field by pushing the candidate countries to better planning, coordination and focusing on long-term goals.

In Estonia, there is no central strategy unit in the executive, but several institutions participate in strategic planning. The most prominent of them is the Ministry of Finance, which is exercising its power through the development of budgetary strategy and through state budget formation. The Ministry of Finance also has a leading role in elaboration of the regulation about strategic documents, which was adopted by the Government in the beginning of 2004. The regulation constitutes the requirements for the content of the strategic plans, and specifies the deadlines by which all ministries and executive agencies have to adopt their development plans. It is a clear attempt to strengthen strategic leadership in the central government, and to make the executive branch more invested in institutional capacity building.

Many executive departments and agencies already have development plans, but in spite of their existence, everyday life is not necessarily built on them. While we might have strategic papers, what needs to be developed is a strategic mind as a standard feature of a modern organisation. One could probably find cases where strategies are of low quality (idealistic wish lists, no systematic analysis, out of date, etc.), poor legitimacy (insufficiently communicated in the organisa-

tion, the process of preparation unaccepted by some parts of the organisation or stakeholders, etc.) or nothing more than papers for paper.

While strategic planning has received more attention by the Cabinet over recent years, capacity-building activities inside the public sector have been modest. Encouraging institutional innovations and changes in thinking surrounded by a turbulent environment and growing workload all within the context of the EU accession is a huge challenge. Governments have tried to face this challenge. For instance, rapid and significant changes in the society were reasons the Estonian Government initiated, in July 2001, the process of preparing a long-term strategy called Sustainable Estonia 21. It is a 30-year strategy which aims to answer the question, "*What should be done in order to guarantee the sustainable functioning of the Estonian state and society in the long run*?" The final report was completed at the end of 2003, and it will soon be presented to the Government and Parliament for discussion and approval.

Although there are many strategic documents adopted and implemented by various institutions in Estonia, this pilot study investigates only one of them – the National Environmental Strategy (NES). It is a pioneering document not only for environmental policies, but also for its significant impact on other policies such as energy, industry, social affairs, local development, education etc. At the time of its elaboration and adoption in 1997, the NES could be considered an important landmark in strategic management. The NES grew out of a long consultative process with the public, and it had a solid and internationally accepted ground as it built itself on documents such as World Nature Protection Strategy, Agenda 21, Declaration of the Earth Summit in Rio de Janeiro in 1992, etc.

The aim of this pilot study is to analyse the case of National Environmental Strategy in order to find out how the strategy, which was adopted in 1997, has so far functioned: whether we have so far achieved the targets or not, how the strategy links with capacity building, and what lessons could be applied to similar processes in the future.

The qualitative case study method was used for the collection and analysis of the data. The main source of information was interviews carried out with the responsible people in the Ministry of Environment. Altogether, seven interviews took place in November 2003: five with the heads of departments of the Ministry of Environment, one with the Deputy Secretary General, and one with the former head of department of the Ministry of Environment. The interviews were open-ended, and the content of the interview depended on the respondent's position and involvement in the drafting process. The aim of the interviews was to collect background information about the drafting process since this information was not documented. In addition to the interviews, the relevant study (carried out by Maves Ltd and REC Estonia) was used to get information about the implementation of the NES.

2. National Environmental Strategy 1997-2010

Background

The idea of sustainable development is the foundation of all decisions we are making today. When thinking about economic growth and aiming for faster social development, one should always take into account the sustainable and efficient use of natural resources. One of the fundamental steps towards sustainable development was the elaboration of the National Environmental Strategy. The objectives of the NES were: (1) to bring the public's attention to the environmental problems and; (2) to prioritise the goals and to the implement the principle of sustainable use of resources in all policy areas. In the NES, the expected trends were envisaged, ten priority goals of environmental management and protection were set, and short-term (by 2000), mid-term (2005) and long-term (by 2010) targets were specified.

The basic principle is that the NES is an ongoing process, which should encourage sustainable economic growth, focus on prevention of damage and use of the precautionary principle. Key ideas, among others, include avoiding contradiction between environmental requirements and socio-economic development, considering the environment as a common wealth, and a shared responsibility of state, local government, enterprises and citizens for solving environmental problems. Thus, the NES is a framework strategy and not simply a guideline for the institutions directly related to environment.

The indication of the continuation and stability of the NES is also reflected in the development of two National Environmental Action Plans (NEAP) (1998-2000, 2001-2003) on the basis of the NES. NEAP is considered a tool for implementing the goals set in the National Environmental Strategy. Currently, the updating of the NES is in progress, and the preparation of the third NEAP is planned.

The NES achieved success in the sense of public participation. The aim of the Ministry of Environment, who had a leading role in the process, was to carry out a comprehensive analysis of the current situation and to create accurate plans. More than a hundred experts were involved in the drafting process; among the contributors were environmental specialists from six ministries, research institutions, NGOs and also several former Ministers of Environment of Estonia. For each of the ten objectives, a working group was assembled, and these groups continued their work during the preparation of the NEAP. The main stakeholders were: the Ministry of Environment, the regional environmental departments, Environmental Inspectorate, academic institutions (universities and research institutes), private companies (consulting and spatial planning companies and businesses involved in waste and water management), NGOs (green movement,

ornithologists, etc.), and local governments. While deliberative discussions were held in the working groups that involved many actors, the final decisions about the draft were made in the steering group consisting of top managers of the Ministry of Environment. At the time of the drafting of the NES, the environmental organisations (both in voluntary and private sector) were not yet established. Therefore, participators in the working groups were selected on the basis of their professional background and knowledge rather than their institutional affiliation.

The open and deliberated drafting process helped to activate the public and empower the environmental and other NGOs. Considering the wide participation and approval by the Parliament, the NES has obtained a broad legitimacy.

The content of the National Environmental Strategy

During the development of the NES, the priority environmental problems and the main causes for them were mapped. Deriving our aim from our environmental problems, the NES concentrates on ten main policy goals. The most important of them are: (1) promotion of public awareness; (2) use of environmentally sound technologies as preconditions for solving most of other problems and; (3) reducing negative environmental effects of energy production which is a cause of major environmental problems in Estonia. All of the ten goals are briefly introduced below (the NES, Ministry of Environment, Tallinn 1997):

1. ***Promotion of environmental awareness*** is targeted at: preserving and stimulating the Estonian tradition of environmental awareness; promoting public participation in decision-making, active environmental protection and supervision; encouraging future generations to adopt environmentally sound consumption habits; and supporting further development of environmentally sound consumption patterns.

2. ***Application of environmentally sound technologie***s is targeted at establishing sustainable use of the environment, raw materials and energy, thus reducing waste generation and pollution.

3. ***Reduction of the negative environmental impact of the energy industry*** is targeted at energy efficiency programmes, both for production and consumption; more extensive use of renewable energy; reducing emissions of greenhouse gases in energy production; including all environment-related costs of energy consumption in the price of energy.

4. ***The improvement of air quality*** is targeted at reducing the emission of air pollutants, focusing primarily on substances causing climatic change and ozone depletion, and on pollution originating from transport.

5. ***Reduction of waste generation and improvement of waste management*** is targeted at supporting sustainable use of raw materials; reducing waste genera-

tion; stimulating waste recycling; reducing pollution caused by waste; reducing areas contaminated by waste; and improving waste management.

6. ***The elimination of past pollution*** is targeted at removing the past pollution caused by closed sites and reclaiming disturbed landscapes.

7. ***More considerate use and protection of ground water resource***s is targeted at ensuring good quality ground water resources and their sustainable use and protection.

8. ***Protection of surface water bodies and coastal seas*** is targeted at ensuring the ecological balance of surface water bodies and coastal seas, and natural regeneration of fish stock and aquatic flora and fauna by rational use of water bodies.

9. ***Maintenance of landscapes and biodiversit***y is targeted at survival of viable populations of local plant and animal species, natural and semi-natural communities and landscapes typical to Estonia.

10. ***Improvement of the quality of built environment*** is targeted at bringing the state of built environment into conformity with the principles of health protection and sustainable development.

In addition to the classical nature protection and sustainable use of resources (as seen above), one of the most important considerations about the policy goals has been the maintenance of human health (air and water quality, pollution reduction). Specific tasks outlined for the years 2000, 2005 and 2010 are to be solved by the entire society—the legislative powers as well as the individual. Thus, the NES should be considered a cross-cutting strategy, where a large number of actors in the private and public sector work together.

Besides the two NEAPs, the NES is also a base for several other strategic documents, such as:

1) National Waste Management Plan, adopted by Riigikogu in December 2002.

2) National Development Plan for the Implementation of the Structural Funds for 2004-2006, adopted by the Government of Estonia in January 2004.

3) Reference Framework for Cohesion Fund in Environment Sector, adopted by the Government of Estonia in March 2004.

In November 2002, the Riigikogu also adopted the Development Plan of Estonian Forestry until 2010. Despite of the existence of the NES, the Development Plan of Estonian Forestry until 2010 did not rely directly on the NES. The reason was that the forestry issues were not considered, in the NEP, among the ten environmental objectives and it was hard to link these two documents. However, in the ongoing process of updating the NES, the subsection with the targets in forestry have been added, which links the Development Plan of Estonian Forestry with the NES until 2010.

The National Development Plans for the Implementation of the Structural and Reference Framework for Cohesion Fund in Environment Sector could be considered as implementation attempts of the NES in order to guarantee the resources for the needs of investments. However, the amounts of investments coming from the EU funds cannot fully cover NES investment needs.

Currently, three more strategic documents are being elaborated in the Ministry of Environment – Estonian River-Basin Management Plan, the Nature Protection Development Plan, and National Program for Reduction of the Emissions of Greenhouse Gases for 2003-2012. All these documents will be based on the NES.

Besides the forward-looking documents adopted and developed in the Ministry of Environment, there are several strategic initiatives under the other ministries which are more or less associated with environmental concerns. For instance, the strategic documents of energy industry should strongly address the environmental impact matters. Currently, the long-term development plan for energy and fuel management is being developed, and the Ministry of Environment is also participating in the process. Until now, environmental matters have not been addressed strongly enough in most of these documents.

3. Main findings

In 2003, the independent evaluation of the implementation of the NES was carried out [1]. The results of the evaluation showed rather modest success compared to the targets set in 1997. The evaluation illustrated that satisfactory results were achieved only in one area. In six areas the objectives were met partly and in three areas the results were unsatisfactory. The evaluating experts have been relatively critical and in the following sections, the reasons for such results are briefly discussed.

1. Promotion of environmental awareness.

The results have been unsatisfactory. The general environmental awareness is low, and although the number and activity of the environmental NGOs has risen, the change of attitudes is very slow to come. More attention should be paid to integrating environmental education in school programs for children. The contradiction between environmental standards and real possibilities may create conscious environmentally unfriendly behaviour.

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1   The evaluation was carried out by Maves Ltd and by REC Estonia in the framework of preparing the strategic environmental assessment for the "Estonian National Development Plan for the Implementation of the Structural Funds – Single Programming Document 2004-2006".

2. Application of environmentally sound technologies.

The objectives have been partially met. There is still a need for systematising legislation, but more the challenging goal is pushing the industries to shift to the best environmental practice. Implementation of the use of the best available technique is questionable in several production areas due to high costs of modernisation.

3. Reduction of the negative environmental impact of the energy industry.

The objectives have been partially met. This issue is a subject of intensive treatment at the national level, and some results have been achieved in reducing the negative environmental impact in oil shale-based energy production. Still, the oil shale industry produces a majority of environmental problems (waste, air quality, sustainable use of natural resources, water) in Estonia, and its impact cannot be underestimated.

4. The improvement of air quality.

The results have been satisfactory, but more targeted actions need to be taken. A lot of work has to be made in the development of use of less polluting modes and means of transportation and other types of public transport.

5. Reduction of waste generation and improvement of waste management

The objectives have been partially met. While a lot has been accomplished, the achievement of the objectives as a whole is advancing with difficulties. Optimisation of the number of landfill sites for municipal waste has been accomplished, and many unsafe landfills have been closed down. Establishment of an entirely functional waste treatment system has not been successful thus far. Littering of landscapes with hazardous and non-hazardous waste has not ceased.

6. The elimination of past pollution.

The results have been unsatisfactory. Too little attention has been paid to meeting this objective. Responsibility for removal of past pollution upon change of ownership has been specified in a legal form. As clean-up could be very expensive, there is a constant lack of resources to fully implement the owner's responsibility. Past pollution continues to be a threat to groundwater and public health. There is a lot of work to do for re-cultivating the mining sites.

7. More considerate use and protection of ground water resources.

The objectives have been partially met. In some areas the pollution of groundwater is permanent due to the past pollution by Soviet military objects, and its

purification is not possible. It is questionable whether the some of the objectives set by 2005 could be achieved. Water policy needs a huge investment, and the capacities of the local government could become an obstacle in using EU resources. Considering the objective is to provide high-quality drinking water, more attention should be paid to providing safe drinking water to scattered settlements.

8. Protection of surface water bodies and coastal seas.

The objectives have been partially met. Until now coastal areas (the sea) has often been neglected in a preparation of programmes of both national and regional scope. Little has been achieved with regard to natural reproduction of fish stock and water flora and fauna, but recently these shortcomings have been compensated.

9. Maintenance of landscapes and biodiversity.

The objectives have been partially met. Survival of all valuable landscapes is questionable; a large part of the efforts taken in this field are limited to conservation areas only. Valuable landscapes will be specified by thematic mappings. A network of protected forests is being established. In the framework of Natura2000 network, a lot of valuable data for future planning was gathered. However, little has yet been done to ensure protection of habitats of water biota.

10. Improvement of the quality of built environment.

The results have been unsatisfactory. Achieving this goal needs gradual and continuous work by all levels of government, private enterprises, NGOs and citizens. The most difficult and resource-demanding aspects are preservation of cultural landscape heritage, encouraging industrial production in small towns and rural settlements, demolishing of redundant buildings, reduction of noise levels and increasing the number of green areas in settlements. These activities depend on a wide spectrum of actors, and these issues are often a subject of conflicting interests and heavy business lobbying, which makes it harder to achieve.

In order to understand the possible reasons for such findings, some observations are discussed below both in the regard of the NES and in respect of the institutional development. Ultimately, the crucial lessons are outlined.

Observations about the NES:

■ Although the progress has not achieved as much as imagined in 1997, the main environmental objectives set forth in the NES are still current. The strategy soon became outdated in the case of tasks and deadlines as the transposition of the EU legislation redefined some priorities. Harmonisation of Estonian environmental law with EU legislation has generated the need to

update some parts of the document. This is an example of real politics, of how priorities in everyday activities may change. Since Estonia had to report to the EU about the transposition of community legislation, the activities of the administration focused mainly on the transposition. The negotiated transition periods also started to define the priorities on the national level. Although it did not substantially change the targets of the NES, it changed or added some targets' deadlines and investment needs. Some areas of the NES have been repeatedly and inaccurately financed, partly due to the lack of resources but also because some targets have not matched EU-related activities (for instance, reduction of past pollution). It might be said that another agenda besides the implementation of the NES emerged. As the EU accession has been the first priority for the Estonian governments over the last years, the political milieu tolerated this change in administration's agenda. In other words, there was no political pressure to focus more on the implementation of the NES.

■ Idealistic objectives were set in a situation where environmental issues were not given a high priority at the national level. Economic development has been more important and in this context, the decisions made in other policy areas (such as industry, agriculture, etc.) have not always been made in line with the general principles of the NES. Focus on the economic development derives directly from the ideological orientation of the recent governments in Estonia – and the governments in office from 1999 have been rather liberal.

■ Although the National Environmental Action Plans have been helpful for the implementation of the NES, there is still a lack of clear and measurable indicators in order to follow the goals more consistently. Measurable indicators, together with a systematic collection of data, analysis of the information and a decision-making system based on professional analysis, should be developed.

■ Environmental Action Plans consist of a vast number of detailed activities, which need to be taken in order to achieve the goals of the NES. The implementers of these activities involve the central government departments, the local governments, private businesses and NGOs. In this context, many of the activities are not covered with resources, and as a result the NEAPs have been more like wish lists of intended activities than a pragmatic implementation plan.

■ The NES as the base document for other strategic plans already adopted or being developed in the field of environment, has functioned as a conceptual foundation which has stimulated coordination in strategic planning. For instance, the National Waste Management Plan directly implements waste management principles and targets outlined in the NES, and the regional waste management plans also have their roots in the National Waste Management Plan. The plans for implementation of EU funds have been recently adopted. Thus. it is too early to evaluate their success.

■ So far, there is no analytical report reflecting the accomplishment and/or changing of objectives written in the NES. It makes it harder to use the NES for policy planning and decision-making. Although an annual report on the basis of the accomplishment of the Environmental Action Plan is produced, it does not give accurate information about the implementation of the NES in general.

Observations about the institutional capacities

■ Although the NES is a horizontal and framework strategy, no institutional mechanisms were developed for guaranteeing the cross-cutting integration across the governmental and other institutions. In such a situation, it was easy to ignore the environmental targets by other institutions and cross-cutting policies. Bureaucratic behaviour across executive institutions in this context has not significantly supported the cooperation and implementation of the NES. In a way it is understandable: all of the executive has been extremely busy with EU accession issues. Still, what is difficult to achieve is the administrative capacity to be more results-oriented and to strengthen intra-ministerial cooperation on cross-cutting issues.

■ As cross-cuttingly beneficial and integrated objectives were not perceived, the synergy of the horizontal strategy did not emerge. Potentially, the cross-cutting strategy together with the effective central coordination could be a powerful catalyst for innovation and excellence in the sense of service delivery, organisation of internal processes, decision-making capacities, etc. As a result, cross-cutting problem solving remains scattered across a variety of institutions, which usually means a waste of time, manpower and money.

■ While setting the environmental objectives, the organisational development was neglected. As a result, the administrative system did not back up the implementation of the NES. In other words, the NES was a useful support to rely on while justifying the activities and public spending, but the internal processes of the leading organisation (the Ministry of Environment) were not redesigned in line with the goals of the NES.

Lessons learnt

1. Prioritise objectives and develop success indicators. Indicators are essential for measuring progress. It also makes it easier for political leaders to find support for their decisions and makes their steps more understandable for the general public as well as stakeholders.

2. Cross-cutting integration: invest in development of stable institutional cooperation mechanisms. In the early phase of the process, create partnerships in governmental departments which are interlinked with the themes covered in the strategy. It may increase the weight of the strategy developed by your

institution, but it would also make the planners in your partner institutions take into account the work done by your institution. There is always competition for budgetary resources. Making your work visible and linking with other policy sectors could provide some advantages in budgetary negotiations.

3. Intra-sectoral integration: strengthen the linkage between the sub-fields by developing a coherent organizational culture, and by making internal processes more efficient. Organisational capacity-building is an essential quality for successful strategic planning and implementation of the strategy.

4. Back up implementation: develop stable networks with stakeholders in the community. Constructive consultations with stakeholders not only give legitimacy to the strategy, but they also help to implement it and reach the target groups who are hard to communicate with.

5. Analyse the potential conflicts of interest in order to evaluate the implementation risks and delays. This kind of analysis helps prepare a tactical communication plan and avoid blame which may harm the whole process.

6. Update the strategy in a timely manner in order to use it as a policy making tool. The EU accession pressure on the governmental departments gradually redefined the priorities and soon the priority list was not so much in line with the NES, but with the schedule of transposition of the Community legislation.

7. Work consistently on organisational development. This includes getting the targets to the lowest level, creating an analytical unit and training the staff. Strategy making and implementation will be less stressful for the whole organisation if there is a permanent unit that is responsible for strategic planning and coordination. Otherwise, strategy-making might become too heavy a burden for the organisation.

5. Conclusions

There is always a threat that after a long and resource-demanding strategy drafting process the implementation of the strategy fails. A change in political priorities, lack of money and other resources, turbulent policy environment, major changes in public concerns are among those incidences that could lead to strategy failure.

However, many common obstacles could be avoided or overcome if the strategy process is thoroughly planned in advance. It is not an exaggeration to say that when it comes to strategy drafting, the process defines the outcome. Usually strategy drafting is not only a preparation of the paper, but also includes institutional capacity building, and empowerment of the employees and stakeholders inside the government, private sector and the local communities. Often, high expectations come together with strategy drafting. Common hopes apply to po-

litical leaders, stakeholders and the general public although each of these groups has different motives and perceptions of the process.

The drafting process and the adoption of the National Environmental Strategy was a significant process in Estonia as it helped to boost the development of environmental NGOs, encouraged civic participation in policy planning, and widely acknowledged the importance of environmental concerns in the conditions of a fast-growing economy and expanding consumption. The process of elaborating the NES gave a legitimate and deliberated foundation to the consequent environmental policy in Estonia. The preparation of the NES happened in a period of significant change in Estonian society. One of the major factors influencing the implementation of the NES by the decision-makers was the EU accession process.

Summarising the case study about the National Environmental Strategy of Estonia the main conclusions are as follows:

- Inclusion of the stakeholders and approval of the strategy by the Parliament increases the policy stability and legitimacy. Long-time strategic plans might easily lose their importance if they are exposed to daily politics.
- Cross-cutting programs are rather difficult to implement. It is demanding to interest other policy areas and networks and to get them to commit to a cross-cutting strategy. Due to the linkage with several policy areas, the cross-cutting strategies could also become the subject of political disagreement which might cut finances thus threatening the entire program. But at the same time, the horizontal nature and linkage with other institutions may also be an argument for considering the program as a higher priority.
- Both substantial policy objectives and the institutional capacity building program should be planned in advance. The content of the strategy should be professionally shaped. Appreciation of public participation as well as reliance on high-quality data and analytical skills are essential for achieving the strategy's professional content. Policy objectives may change over time. It requires well-developed institutional capacities to be able to anticipate changes in the turbulent environment, and to be consistent in following strategic aims. There is not much use of a perfect strategy document if relevant institutions are not committed to it. Once the strategy has been adopted, it should become the priority and the basis for evaluating the performance.
- Strategy processes should be supplied with permanent staff. People working on monitoring the strategy as a high priority is an essential element assuring it remains a continuous process and thus a crucial management tool for leaders. The strategy unit should be located close enough to the top executive to be heard, but it should also be a steady unit with low turnover to carry on the stability of the strategy.

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Core Executive Institutions and Transposition of ...

by Radoslaw Zubek

Core Executive Institutions and Transposition of the Community Legislation in Poland 1997-2001: Some Preliminary Evidence

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Introduction

There is a fast growing literature seeking to explain varying patterns of transposition and application of the Community law (see Borzel 2002; Falkner, Hartlapp et al. 2002 for recent overviews). This debate has recently been extended to pre-accession countries in Central and Eastern Europe (Nicolaides 1999; Jacobsen 2001; Nicolaides 2002). But while institutionalist accounts are dominant (Siedentopf and Ziller 1988; Heritier, Kerwer et al. 2001; Caporaso, Cowles et al. 2001a), few empirical enquiries exist into the effect of the institutional configurations of the national executive on transposition patters (but see Dimitrakopoulos 2001 for a notable exception). Yet there are good reasons to believe that the level of executive capacity does affect transposition paths. For one thing, there is general agreement that transposition is an executive-driven process both in the EU member states and the candidate countries (Goetz 2000). This seems to be even more pronounced in CEE, where executives benefit from an extensive system of linkages to the EU level (Lippert, Umbach et al. 2001). If this is the case, it seems legitimate to assume a significant impact of the way in which a national executive is configured on transposition paths. Second, a focus on the executive in the study of transposition in the Central and Eastern European context is guided by the evidence of major shortcomings in the effectiveness of the CEE governments in developing and implementing public policies (Verheijen and Coombes 1998; Goetz and Margetts 1999; Nunberg 1999). Naturally, deficiencies in executive capacity are not unknown to the existing EU member states, but the problem may have a more pervasive impact on transposition of the Community legislation in countries such as Poland.

Core Executive Institutions and Transposition Performance

Differences in configurations of the national executive, their origin and effect on policy outputs have for a long time been a key concern of comparative government and comparative public administration (Blondel and Muller-Rommel 1993; Weller, Bakvis et al. 1997; Blondel and Cotta 2000; Wright and Hayward 2000). While there are many dimensions in which national executives may be analyzed (see for example Goetz 2003), this paper focuses on the degree of centralization of executive authority within the core executive. The core executive is defined here as all those institutions and networks that surround the prime minister, the prime minister's office and the cabinet (see Rhodes 1995). The literature presupposes a positive correlation between the success of policy reforms and centralization of authority in the executive (Boston 1992; Brusis and Dimitrov 2001). A more contextualized proposition holds that strong centres (core executives) tend to facilitate radical policy change, whereas weaker centres entail a more incremental pattern of change (Lindquist 1999 but see also Stark and Bruszt 1998). The theoretical rationale behind this argument is that, acting as a competitive agenda-setter, a strong core executive is capable of ensuring ministerial and departmental responsiveness (Andeweg 2000; Blondel and Manning 2002). The core performs this function by (i) providing a strategic and long-term outlook when ministers make decisions in cabinet and cabinet committees and by (ii) monitoring and reporting on departmental actions when cabinet decisions are put into action.

In the present context, the 'strong centre' thesis would suggest that transposition performance was related to the degree of centralization within the executive and would be the higher if more power is located within the centre of the Polish government. In line with existing theoretical accounts (most notably Wright and Hayward 2000), a strong centre is posited to exist under the following five conditions:

- *Prime ministerial leadership*. The prime minister commands sufficient political and organizational resources to exercise political leadership, and chooses to harness such resources in the support of the transposition process.
- *Ministerial leadership*. There exists an identifiable and authoritative lead coordinator (personal or institutional) with sufficient political and organizational resources to perform a coordination role.
- *Hierarchical coordination*. The centre enjoys sufficient formal and informal authority to engage in hierarchical coordination defined as the ability to arbitrate and settle conflicts between the actors involved.
- *Regulatory management*. The centre is capable of mobilizing required legal expertise to ensure 'good' legal drafting and high regulatory quality;
- *Political management*. The centre enjoys sufficient political and organizational resources to ensure continuing political support for the transposition process from political parties as well as domestic social and economic actors.

Transposition Reliability

In analyzing transposition performance, this paper focuses on the extent to which transposition commitments undertaken by the Polish government were complied with. This variable is operationalized by relating the number of Polish implementing laws envisaged for adoption in a given year to the actual number of such measures adopted that year. Between 1997 and 2001 the Polish government undertook transposition commitments mainly within the framework of global transposition strategies. In July 1997 the cabinet approved an action plan for the adoption of the Community directives listed in the European Commission's Single Market White Paper. In June 1998, this plan was replaced by a National Programme for the Adoption of the Acquis (NPAA), which set out a timetable for achieving adaptational priorities resulting from the Accession Partnership. The NPAA was subsequently revised on an annual basis (1999, 2000, 2001).

An analysis conducted by the author reveals that the extent to which the Polish government complied with deadlines contained in these programmes varied over time. See figure below.

Compliance with NPAA Transposition Commitments
(Percentage of Adopted Drafts)
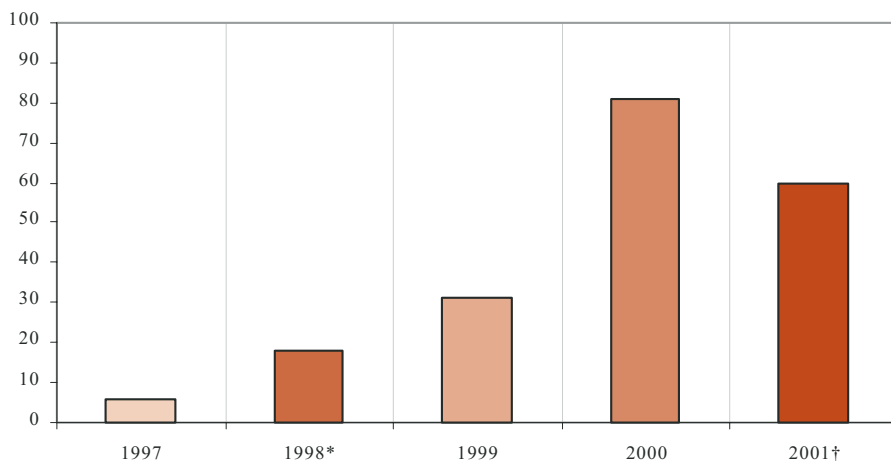
Source: own compilation *2nd half 1998, † 1st, 2nd & 3rd quarters 2001

The data demonstrates that in 1997-1999 reliability remained within a relatively low range of 6-31 per cent. In 1999 only 14 laws out of scheduled 45 were

submitted to parliament. A major improvement in reliability occurred in the year 2000. Out of 63 drafts scheduled for cabinet adoption in 2000, 51 were submitted to parliament (81 per cent). Between the 1st and 3rd quarter of 2001, the cabinet adopted 60 per cent of all scheduled drafts.

Core Executive Institutions

The evidence from changes in the executive configurations in 1997-2001 supports the hypothesis that the patterns of transposition reliability are related to the centralization of authority in the core executive (Zubek 2003). Between 1997 and 1999 the Polish core executive lacked sufficient resources to effectively direct, coordinate and advise line ministries in the transposition process. It was held in check most notably by (i) weak political leadership from the prime minister and the minister for European affairs, (ii) high internal fragmentation, and (iii) limited capacities to undertake regulatory management.

- The centre's leadership was impaired by the lack of a political champion in European affairs within the Buzek cabinet. The prime minister had little experience in foreign affairs and chose to focus on domestic policy where his government launched ambitious social and economic reforms. His limited interest in legal adaptation also stemmed from personal scepticism about relative benefits of the association process under the Europe Agreement. In European affairs, his manoeuvring space was further constrained by Eurosceptic factions within the governing coalition. Under pressure from the AWS, Buzek appointed Ryszard Czarnecki, a full cabinet minister, to chair a key European Integration Committee (KIE) and to head its permanent secretariat (UKIE), departing from the previous practice of prime ministerial leadership in EU affairs. But Czarnecki commanded limited authority in cabinet, mainly on account of his young age and relative political inexperience. The absence of central leadership affected the planning and monitoring of the transposition process.

- The centre's ability to coordinate transposition was checked by its high internal fragmentation. In 1996 during a major overhaul of the central government, a decision was made to remove the European Integration Department from the Office of the Council of Ministers (URM) and establish an independent European secretariat – the Office of the European Integration Committee (UKIE). Occupying a delicate position inside the triangle delineated by the Foreign Affairs Ministry, Prime Minister's Chancellery and the Finance Ministry, the UKIE evolved into a quasi-ministry, employing almost 200 staff in December 1998. Fragmentation deepened in spring 1998, when as a result of a political compromise between the AWS and the UW, Jan Kulakowski, chief negotiator,

was located within the Prime Minister's Chancellery. Horizontal specialization was marked also within the UKIE. Transposition was monitored in three separate departments: the Department of Integration Policy (DPI), the Law Harmonization Department (DHP) and the Accession Negotiations Department (DONA). The DPI assessed transposition progress on an annual basis against the NPAA. The DHP was to keep track of legislative changes based on a list derived from the NPAA which, however, had been subject to modification during separate interministerial consultations. Finally, the DONA monitored progress on the basis of legal screening reports and separate timetables submitted by line ministries to the negotiations team.

- The core's ability to guide transposition was constrained by limited capacities to undertake regulatory management. This is not to say that central agencies did not engage in analytical and conceptual studies. Indeed, since the early 1990s, research into legal adaptation to the Community legislation was carried out by the working groups of the Legislative Council (an advisory body to the prime minister), the UKIE's Law Harmonization Department (DHP) and a team of legal experts under Professor Czechowski (Rada Legislacyjna 1994; UKIE 1997; UKIE 1998). In 1996-1998 two major harmonization programmes were financed under Phare/Sierra and Phare/Fiesta. But such initiatives were hampered by three factors. First, rather than transposition methodology, these studies emphasized modernization of economic legislation through a creative transplant of EU and member states' legal regulations (see for example Rada Legislacyjna 1994). Second and, perhaps more crucially, the two Phare programmes focused on commissioning the writing of implementing legislation with external consultants and, only to a lesser extent, on technical advice to ministries on transposition methodology. In the event, scores of externally produced draft laws met with natural distrust from ministerial bureaucracy. Finally, the key institutional actor – the Law Harmonization Department (DHP) – acquired technical expertise more in screening for EU compatibility than in active transposition. In any case its largely autocratic attitude towards ministerial legal departments hampered its efforts at regulatory management.

Between 2000 and 2001 the core executive acquired new political and organizational resources which allowed it to more effectively direct, coordinate and advise line ministries in the transposition process. This ascendancy was made possible chiefly through (i) strong leadership from the prime minister and the minister for European affairs, (ii) reinforced horizontal and hierarchical coordination mechanisms, and (iii) the development of new capacities to undertake regulatory management.

- In early 2000 prime minister Buzek emerged as a strong champion for EU accession. His personal stance on EU affairs evolved from relative scepticism

in 1997-1998 to staunch support in 1999-2000. Perhaps more importantly, in late 1999 and early 2000, when his cabinet began to slip into a mid-term crisis, Buzek saw the opportunity of using EU integration to inject fresh impetus into the AWS-UW government. Substantially reinforced by the general awareness of transposition delays, particularly after the 1999 Commission Report and the February 2000 debate in Parliament, the prime minister was capable of asserting his leadership in European affairs. Buzek was also helped by his growing political status. Besides a higher profile within the AWS, Buzek's position in cabinet increased substantially after the UW withdrew from the coalition in the summer 2000 and the AWS leader, Marian Krzaklewski, lost his presidential bid in the autumn that year (Zubek 2001; Zubek 2004 forthcoming). The centre's leadership was further reinforced after a permanent appointment was finally made to the head of the European secretariat (UKIE). The position went to the prime minister's chief advisor, Jacek Saryusz-Wolski, former head of the URM's European Integration Department, who commanded great personal authority and was well-known for his assertive management style.

- In mid 2000 the centre upgraded its coordination capacity through the reinforcement of existing horizontal mechanisms and development of instruments for hierarchical coordination. For one thing, the European Integration Committee (KIE) started to meet once a week. More crucially, the higher frequency was accompanied by a substantial change in the committee's agenda. The new KIE secretary transformed it from a debating forum into a dedicated cabinet committee working on transposing legislation. In its decision-making role, the KIE was assisted by ad hoc task forces at director level. Replacing the regular weekly meeting of EU department directors, these new forces provided a more focused environment responding to clear and time-constrained mandates from the KIE. Horizontal instruments were supplemented by more hierarchical forms of coordination. A deputy minister for EU transposition, Cezary Banasinski, was appointed within the UKIE, the first such appointment at political level within the central administration. A lawyer by training, he liaised with line deputy ministers responsible for legal harmonization and chaired interministerial consultation conferences devoted to transposition. Enjoying strong political backing from the prime minister and minister for European affairs as well as benefiting from his professional expertise, Banasinski was in a good position to act as a broker or hierarchical coordinator vis-à-vis his ministerial interlocutors.

- Starting from mid 2000, the core provided active guidance to ministries in the transposition process. This was achieved primarily through the development of new administrative capacities and the adoption of a more cooperative style. First and foremost, the new deputy minister for transposition joined forces with the Legislative Council to develop a set of original legislative tools for

transposition of Community rules into Polish legal order. Departing from a modernization or 'creative transplant' approach, the government developed a new model of a 'European' parliamentary law and the KIE's internal bylaws were amended to specify such new formal requirements. The centre's regulatory capacities were further reinforced through the creation of a new legal department within the UKIE. The Department for European Legislation (DLE), directly answerable to the deputy minister for transposition, took over from the DHP as a leading department in legal adaptation. Highly competitive salaries made it possible for the DLE to recruit a group of high-calibre lawyers with expertise in Community law. Unlike the DHP, the DLE focused almost exclusively on providing day-to-day guidance to line ministries in the preparation of transposing legislation.

Europe as a Centralizing Force?

To what extent may the EU institutions have facilitated the development of a strong 'European' core executive in Poland? The EU had both the incentives and the tools to act as an external policy entrepreneur for domestic actors. The EU is a law-intensive organization and legal approximation has been at the heart of the relationship between the EU and Central and Eastern Europe since the early 1990s. To the extent that ministerial unresponsiveness impinged on effective transposition of the Community legislation the EU was interested in facilitating the enhancement of coordinating capacities within the core executive. The pre-accession period equipped the EU with a set of effective tools to facilitate institutional change in the acceding countries. Most crucially, the EU could provide material and non-material rewards for supplying rules that strengthen the core executive (Grabbe 2002; Schimmelfennig, Engert et al. 2003). The empirical evidence shows, however, that while the EU was crucial in providing functional incentives for Polish decision-makers to address transposition problems, both the timing and the shape of the institutional response were determined chiefly by domestic factors. In 1998-1999 a conflict between the two governing parties over EU affairs blocked the reinforcement of the centre. After the 1999 progress report, the Polish elites became convinced that, unless there was progress on transposition, Poland would be ejected from the first round of enlargement. This united the governing coalition on EU affairs and opened a window of opportunity for addressing coordination problems. The character of the institutional response was shaped by a small group of advisors close to the prime minister most of whom had a clear preference for strong central steering. Perhaps most importantly, the single-party nature of the Buzek government from mid-2000 paved the way for increasing centralization of power around the UKIE and the Prime Minister's Chancellery.

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Policy-making Process in Romania

by Marius Profiroiu

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Policy-making is an intensely political exercise in every country, with fierce competition among strong players to win dominance of the field at the final stage of central decision-making. The essential art of government is to use this natural competitive force in the national interest in order to generate fresh policy ideas and expose silly ones, and to ensure that good policy ideas are properly prepared when they come up for a final decision. Management of policy competition calls for exemplary political skills of leadership. But political skill alone is not enough. It must also be supported by effective technical analysis and by reliable, well-managed systems and procedures.

One essential aspect is factoring appropriate civil society participation into the policy formulation process. This is an essential instrument in the political armory of the Prime Minister who has to moderate the competition among the political players. The power of the Prime Minister to set, direct and referee the policy-making process is greatly amplified if he can sometimes bring observers into the game as participants. For that to be possible on a regular basis, the process and rules governing policy formulation must be drawn appropriately and be well-specified in advance.

The management objectives of the policy formulation process are to create or strengthen the institutional arrangements meaning:

- Rules and procedures governing the policy formulation process;
- Organizational arrangements required for effective implementation of those rules and procedures – assignment of functional responsibilities and authority, as well as the creation or strengthening of organizational structures, staffing and capacities consistent with those functional responsibilities;
- Resources allocated to organizational units required for effective policy formulation.

In order to strengthen the coordination capacity to formulate, implement and monitor the public policy process at central and local levels the following **principles** have been seen as generally valuable within the European administrative territory:

1. *A coherent general framework for public policy formulation*: well-defined methodologies and rules regarding the preparation and revision of draft policy documents that are submitted for consideration and approval at Government meetings;
2. *Independent preparation of policy within each ministry*: development of the proper negotiation position in their area of competence, respecting the autonomy and independence of actions under the jurisdiction of each minister;
3. *The inter-ministerial character of the public policy formulation.* This principle is respected by observing the following steps:
    - *Information exchange between ministries* in the formulation of legislative and policy documents;
    - *Consultation between ministries;*
    - *Public declarations based only on positions negotiated between ministries*: "speaking with one voice";
    - *Consensus between ministries*: reach agreement on interdependent policies;
    - *Conciliation:* mediation by a third party of unresolved conflicts between ministries;
    - *Arbitration between ministries:* resolving conflicts by a higher authority by seeking consensus and conciliation.
4. *Constraints on ministries* to ensure a standard process of elaborating policies;
5. *Prioritize the components of national policy;*
6. *Avoiding reorganizations or reforms* with unpredictable changes that might affect the public policy elaboration system;
7. *Internationalization of government policy* emphasized by: EU accession, economic globalization, NATO membership, Council of Europe membership.

Institutions involved in the policy formulation process in Romania

1. *Parliament* – represents the legislative forum;
2. *Legislative Council* – is a specific structure of Parliament which endorses regulatory projects in order to systemize, unify and coordinate the entire legislation, and officially updates the Romanian legislation;
3. *Prime Minister's Office;*
4. *General Secretariat of Government* – is a structure within the Government with responsibility for assuring the development of technical operations related to the governing process, and for solving the organizational, juridical, economic and technical problems of Government activities. The General

Secretariat of Government has the authority for the observance of procedures related to the preparation, elaboration, endorsement and presentation of regulatory projects forwarded to the Government, as well as of acceptance procedures for these projects;

5. *Central Unit for Public Administration Reform* – Ministry of Administration and Interior;

6. *Governmental Council for Public Administration Reform* which has the role of monitoring the public administration reform process.

Authorities which implement public policies in Romania

- *Central public administration authorities* – ministries, agencies and other central authorities. These institutions draw together the main principles of public policies in different fields; they are also responsible for implementing them;

- *Local public administration authorities – prefectures, county (judet) councils, local councils and different associations of these authorities organized on the basis of Law no. 215/2001 (regarding local public administration)* – they detail and implement public policies in order to reach to greater local economic and social development. Within these institutions are departments that specialise in drafting, implementing and monitoring the implementation of public policies at the local level.

The current policy formulation process in Romania

The main instrument governing the policy-making process and coordination is Law No. 24/2000 (On the Methodology for the Preparation of Normative Acts), adopted by Parliament in March 2000, which resulted in the adoption of a new Government Decision (No. 400/2000). This regulation was supplemented by a law that reorganized the General Secretariat of Government immediately after the elections (292/2000), and by the Law on the Organization and Functioning of Government (90/2001). There have been a number of amendments to the documents governing the preparation of regulatory projects, but the basic methodology has been stable for some years.

The methodology of the policy formulation process and the functioning of the institutions mentioned above up to November 2003 reflected the following [1]:

- *The methodology is understood and is followed in terms of its formal requirements* (number of days for consultations, number of days for submission to the Legislative Council), but the process of preparation by Ministries and the

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1   Based on SIGMA Report – Romania Policy Making and Coordination Assessment 2002

central review of the substance of documents is not very well developed. The methodology sets out a logical and sequenced policy preparation process, but the rules are mostly followed in a formal manner. The present methodology needs to be improved in a number of respects in order to ensure a higher professional level of preparation and review of the substance of proposals.

■ *The mechanism of cooperation between Ministries and consultations regarding the substance of policy and legal documents is settled in the current regulations*. The Ministry proposing a normative act has primary responsibility for consulting other relevant ministries and central offices. The Ministry of Justice is consulted on legal implications and the Ministry of Finance on financial cost. The minister initiating consultation decides which other ministries should be consulted. It is possible that not all ministries interested in a regulatory proposal will be consulted. A weakness of the current policy formulation process is that the consultation requirement only applies to legal documents, not to policy documents discussed by ministers in the weekly Government meetings. The creation of the position of General Secretary as the most senior civil servant in each ministry was intended to lead to major improvements in policy preparation and coordination. Although the position has been established by the Law on the Organization and Functioning of Government, the position was defined in terms of administrative responsibilities, and the job responsibilities were left to be decided by each ministry. As a result, the General Secretaries are not playing a substantial coordination role.

■ *Management of the Government agenda has been improved by the introduction of discussion on strategic issues into the weekly meetings*. The new practice of developing an *annual legislative plan* is proving efficient. There is a Government for the entire mandate, specifying a sequence of actions with deadlines attached. This program is the main guide for the ministries in how to prepare legal documents. There is also an annual legislative program managed by the Department for Relations with Parliament. The first part of the weekly agenda of the Government meeting is devoted to discussion of strategic issues. Only after these issues have been fully discussed does the meeting move onto the approval of legal documents and other items requiring formal decision. The inclusion of items on the first part of the agenda is decided by the Prime Minister, based on proposals from other ministries which normally prepare supporting documents for their items.

■ *The capacity to resolve policy questions below the level of ministers and the link between policy development and political decision-making have been somewhat improved.* The mechanism for decision-making is the weekly meeting of the Government. There is still a need to establish orderly mechanisms for resolving policy disputes below minister level. The fact that ministers now devote part of their weekly meeting to strategic discussion is a positive

development. Another recent improvement is that in the case of important policy items, it is expected that the government will discuss them at two or three different meetings: first, at the level of principles, and only later, as draft legislation. However, there continues to be a need to improve the capacity for discussing and resolving policy questions at the level of experts and a need to improve the quality in the preparation of proposals that are brought to ministers.

■ ***There is central capacity to provide logistical and legal support to the Government.*** There is still a need to improve the capacity for substantive policy coordination. The General Secretariat of Government has the capacity for administrative and logistical management of government business, for a legal review of documents and, though not very well developed, for policy coordination at the level of substance. Within the Prime Minister's Office there are about 20 advisers who can cover various policy areas. Based on a recent review of the Office, the Head of the Office is considering options for reorganizing the work of these advisers so as to improve their contribution to the decision-making system. A proposal submitted to the Government meeting is reviewed by the Legal Directorate of the General Secretariat of Government which reviews all proposals in terms of observance and correlation with existing legislation and legal compatibility. There is still relatively little monitoring of policy implementation – the Directorate for Program Monitoring maintains a computerized information system to monitor the implementation of government decisions.

■ ***There is a good structure in place for coordinating European Integration activities, and it has remained stable in the past.*** The structure for coordinating European Integration affairs has been stable and continues to improve its capacity. The Ministry of European Integration has a very professional staff and continues to work efficiently with the rest of the structure. All ministries now have European Integration units headed by a Secretary of State. The Minister of European Integration chairs the Inter-ministerial Committee for European Integration, comprising the responsible Secretaries of State from the ministries.

■ ***The process for collective involvement of the Government in budget preparation is adequate.***

In the implementation of public policies, some difficulties appear to be caused by:

■ lack of sufficient human and financial resources;
■ bureaucratic procedures of implementing policies and projects at the public administration level;
■ lack of openness of public administration authorities on innovative issues;

- citizens' lack of trust in the effciency of decisions by public administration authorities';
- lack of complete transparency, communication and coordination between public administration authorities and institutions at central and local level;
- low sense of responsibility of the public administration authorities.

Due to the deficiencies mentioned above, the political level and the central government decided to create **two new structures**:

➢ *The Unit for Public Policies within the General Secretariat of Government as a technical structure* – Its mission is to strengthen the capacity to coordinate the process of formulating, implementing and monitoring public policies at central and local level in order to realize and periodically update the measures found in the Government Program. The functions of the Unit for Public Policies include the following:

- Elaboration of the legislative framework to define a standard system of formulating public policies at central and local level;
- Developing mechanisms, procedures and instruments in order to evaluate the impact of public policies;
- Elaboration of analyses, studies and reports on the impact of public policies at national level;
- To ensure the co-ordination of elaboration of the yellow book regarding the progress registered within the process of formulation of public policies;
- To identify, program, elaborate, co-ordinate and monitor the implementation of external funding programs in the field of public policies;
- To plan the measures to be taken in order to accomplish the tasks stipulated in the strategies and the Program of the Government;
- To create the necessary framework to monitor the process of implementation of public policies by central public administration institutions;
- To monitor compliance with the standards for the process of formulation of public policies at the central level;
- To ensure the general framework for the continuous training of human resources involved in the process of formulation of public policies;
- Wide dissemination of information at the level of civil society and other stakeholders of the Government Programme, regarding the approach to the elaboration of the content and the methods to implement and monitor public policies.

➢ *The Superior Council for Public Administration Reform, Public Policies Coordination and Structural Adjustment* has been created in order to coordinate the activity of the institutions and inter-ministerial structures involved in the

policy-making process, and to monitor the public administration reform and public policies reform process which has the following responsibilities:

a. to ensure the unitary and coherent character of the strategies and policies at the public authorities and institutions level, in order to accomplish the Euro-Atlantic integration requirements;

b. to ensure the monitoring of the strategies for public administration reform;

c. to make the activity of communication and co-ordination of councils committees and inter-ministerial commissions who administer the Government's policy concerning specific domains;

d. to supervise the state of carrying out the public administration reform;

e. to supervise the implementing of strategies and policies at the public authorities and institutions level;

f. to analyze the results and the state of the World Bank – PAL Program implementation.

Improving the policy making process at the public administration level in Romania

Improving the policy-making process is one of the main priorities of The Updated Strategy of the Government concerning the Acceleration of the Public administration Reform. This priority proposes the strengthening of the process through which public policies are formulated by creating coordinated systems and a strengthened capacity for the management of governmental structures.

Through the improvement of the public policy formulation process, the following **objectives** are aimed at accomplishing the following:

- Speed up actions to accomplish the tasks assigned through the strategy and through the sectoral programmes elaborated in each ministry;
- Increase the predictability and the efficiency of governmental policies;
- Increase the transparency and the responsibility of governance;
- Increase the level of consultation with the direct and indirect beneficiaries (stakeholders) of the public policies before putting them in practice at the national level;
- Increase the quality of analysis that supports public policy elaboration;
- Establish a road map and standard procedures in the public policy formulation process;
- Ensure the inter-ministerial character of the policy formulation and implementation process;

- Monitor the process of elaboration, testing and implementation of public policies;
- Assure an adequate basis, from the technical point of view, of the proposals regarding public policies advanced for approval to the Government together with the related impact analyses; re-evaluation and modernization of the methodology of preparation of governmental decisions.

The reform priorities in the policy formulation process

- Increasing the governance capacity at central and local levels for supporting the public policies formulation process – the clear definition of the statute, position and existing relations between structures implicated in the reform and policy formulation process and making operational and strengthening the capacity of the Public Policy Unit;
- Developing the role of the high civil servants in the process of public policies formulation;
- Elaboration of legislative drafts that regulate: a standard system of policy formulation at the central and local level; the creation of inter-ministerial and inter-county mechanisms for the coordination and implementation of standards regarding policy formulation at central and local levels;
- To set up a unified monitoring system on the elaboration and implementation of public policies at central and local level;
- The development of a mechanism for the evaluation of public policy impact on the socio-economic environment;
- Analysis of the stages in realizing the Government Programme approved by Parliament in December 2000;
- Analysis of the stages in implementing the sectoral strategies approved by Government on domains of activity;
- Development of the transversal character in public policies formulation at central and local levels;
- Increased transparency in elaborating public policies.

The results expected to be achieved in the implementation of policy-making reform:

- ➢ *From the legislative point of view:*
  - Regulation of a standard path and a standard system within the policy development process;

■ Government Decision to establish an inter-ministerial commission to co-ordinate the elaboration of a standard system in the design of public policies;

■ Regulations for impact analysis related to the public policy formulation process

➢ *From the institutional point of view*

■ An inter-ministerial commission established to coordinate the elaboration of a standard system in the design of public policies;

■ Standard path and system developed within the policy development process;

■ Monitoring mechanism established for the implementation of standards for the design of public policies;

■ Mechanism developed for the evaluation of the local public policy's impact on social and economic environment

■ Design for the impact analysis of the public policy implementation process;

■ Effects of public policies measured within a pilot phase;

■ Trained key actors involved within the policy formulation process

■ Specialized teams at central and local public administration levels capable of testing the effects of public policies;

■ Trained technical staff, at central and local public administration levels, who will be involved in the monitoring of the policy formulation process.

Institutional arrangements in sight for developing and improving the policy-making process – premises, alternatives, effects, benefits.

1. **Redefining and clarifying the roles of institutions that already exist – Prime Minister's Office, the General Secretariat of Government and line ministries [2]**

■ *Prime Minister's Office* should make policy decisions, employing a permanent sub-committee structure in order to enhance the thoroughness and efficiency of its deliberation. Two new structures are to be created within the Prime Minister's Office – the *Directorate for Policy Initiation* comprising all current advisers and the *Directorate for Policy Execution* comprising new staff dedi-

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2 According to the World Bank PAL Program of Institutional and Organizational Reform of Government and Administration – Policy Formulation

cated to the control of policy outcomes. The development of these structures can be supported by the Programmatic Adjustment Loan of the World Bank.

- ◼ *The General Secretariat of Government* should establish and follow the general rules and priorities, provide guidelines, monitor standards, oversee schedules, ensure that other institutions and structures do their work properly and on time, and maintain complete dossiers on policy proposals – developing the Unit for Public Policies;

- ◼ *Line ministries* should prepare policy proposals at each stage of the policy formulation process, implement policies, monitor implementation and results, and use this feedback to continuously improve implementation and inform the development of future policy proposals.

These institutions should combine their efforts in developing the following activities:

- Revise policy formulation procedures;
- Establish a permanent Cabinet sub-committee structure and procedures;
- Establish institutional arrangements and create capacities within line ministries;
- Establish institutional arrangements and create capacities within the General Secretariat of Government.

Resource requirements: Investments in technical assistance will be required to accomplish the changes in procedures, structures, institutional arrangements and capacities. In addition, the new structures and capacities will become an integral part of the recurrent costs of both the General Secretariat of Government and each line ministry.

2. Creating and developing new structures within the Prime Minister's Office and the General Secretariat of Government according to the steps of the policy formulation chain[3].

A standard policy formulation chain should follow ten specific steps: *identification, commitment, the policy formation program, the policy review, coordination, decision, legislation, execution, the policy lessons, the high level staff assignments.*

In order to be able to implement the chain of activities the offices of both the Prime Minister and the General Secretariat of Government would have to be restructured:

- ➢ **Prime Minister's Office:**
  - ◼ *Policy Identification Unit (PIU)* – comprising most of the present advisers whose job would be to determine the policy priorities and the type of policy designs needed;

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3 Based on Ken Sigrist's Report – Outline Schema for a Specified Central Policy Making Process

- *Policy Execution Unit (PEU)* – with substantially new staff, to follow up on policy decisions and ensure that intended outcomes are attained;
- *Political Relations Unit (POR)* – to deal with political aspects of the Prime Minister's activity;
- *Public Relations Unit (PUR)* – to engage with civil society on policy issues, not only the dissemination of ideas, but also the gathering of ideas.

➢ **The General Secretariat of Government**
  - *Current Business Unit (CBU)* – comprising many of the staff now employed by the General Secretariat of Government, to undertake tasks currently handled by the SG;
  - *Policy Agenda and Scheduling Unit (PAS)* – to develop the agenda of policy products to be placed under preparation, and the timetables and resources needed for their production;
  - *Policy Process Control Unit (PPC)* – to ensure that the key actors follow the rules and norms of policy formulation as laid down by the Prime Minister from time to time, covering stakeholder consultation, preparation of options and inclusion of civil society;
  - *Coordination of Government Meeting Unit (CGM)* – using existing staff of the SG, to prepare and manage the logistics of the Government meeting, including agenda papers, prior coordination and agreement among ministries;
  - *Legislative Drafting Unit (LDU)* – to undertake the preparation of legal drafts to enact and implement the decisions made, or to direct their preparation;
  - *High Level Staff Assignment Unit (HLS)* – to undertake the human resource management of the top ranks of the civil service (Senior Management Service) and assign top level managers according to the on-going policy requirements of the Government.

The creation of these new structures implies costs regarding technical assistance for implementing new procedures and, also, costs related to new personnel and making these structures operational.

The impact of the implementation of public policy making reform

Improvement of the public policies formulation process, will ensure:

- The acceleration of actions for accomplishing the tasks from strategies and sectorial programmes elaborated at the level of each minister;
- The predictability and efficiency of governmental policies;

- The increase in the transparency and responsibility of the government act;
- The increase of the degree of consultation of direct and indirect beneficiaries (stakeholders) of public policies before applying them at national level;
- The improvement in the quality of the analyses on which is based the elaboration of public policies;
- The existence of ways and standard procedures within the process of formulating public policies;
- The inter-ministerial character of the process for formulating and implementing public policies;
- The monitoring of the process for elaborating, testing and implementing public policies;
- An adequate basis from the technical point of view of the decisional proposals regarding public policies, submitted for approval to the Government, accompanied by the specific impact analyses; re-evaluation and modernization of the methodology for preparing governmental decisions.

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Conclusions of the High Level Meeting on The Capacity to Govern in Central and Eastern Europe

Conclusions of the High Level Meeting on The Capacity to Govern in Central and Eastern Europe

December 18 – 20, 2003, Prague, Czech Republic

Key executives of governments, academics and policy advisors from ten Central and Eastern European countries (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, and Romania) met in Prague to discuss the strategic importance of improving the capacities of governance in their countries. They exchanged their views, shared their experience and agreed upon the following conclusions:

There is a common need in all participating countries to upgrade core governmental capacities and social requisites to strengthen strategic, long-term and holistic thinking in government for making critical future-shaping choices.

Several parallel streams of actions are to be taken in order to achieve this core goal, namely:

- ✓ To prepare and utilize forward studies as a policy compass and as a way to facilitate the civil society participation in governance and mobilize support for long-term efforts.
- ✓ To build qualified administrative capacity and strategy oriented units at the central level of government, comprising staff near Prime Ministers, and in central ministries as well as "Think Tanks".
- ✓ To develop specific programs and courses at universities and in-service institutes to provide advanced professional training in strategic issues, public policy, administration, EU enlargement demands for civil servants, politicians and policy advisors.
- ✓ To upgrade citizenship preparation at high school and universities for prospective thinking and decision-making.
- ✓ To utilise the opportunity of approaching the EU enlargement and learn strategic thinking and decision-making from the EU practice (with a particular emphases on the implementation of the Lisbon Strategy and different EU

policies), while enriching it by one's own experience. Special focus is needed on new demands of EU membership.

✓ To encourage public discussions and stakeholder consultations about core developmental threats as well as opportunities in order to provide politicians, mass media commentators, academics and intellectuals, grass root activists etc. with opportunities to take a deeper look at main national policy issues.

NISPAcee and CESES are asked to explore suitable institutional settings at the regional level to bring strategic issues closer to top politicians and senior civil servants.

It was agreed that national representatives will appoint one delegate each to the Strategic Coordinating Panel, an informal body whose mission will be to further facilitate the exchange of information, ideas and experience in the field of strategic thinking and decision-making among participating countries. NISPAcee is ready to support the operation of this body.

The second conference dealing with these issues is envisaged to take place at the end of 2005.

All participants express their thanks to the organizers and donors of the conference, namely Czech Prime Minister Mr. Vladimir Spidla, the NISPAcee, CESES at Charles University in Prague, UN DESA, UNDP, and the WB.

Appendix
Guidelines to Improve Strategic Governance in the New and Acceding Member States – The Critical Path

The new and acceding EU Member States should face the new situation of becoming members by focusing on the following tasks and priorities:

1. Develop strategic thinking (general and by policy fields):
   - to define a general strategy for EU membership
   - to adapt the European policies to the national specificities
   - to discuss European policies as Member States

2. Develop concrete membership exercises:
   - prepare the EU meetings
   - adapting the European concrete measures to the national specificities
   - launching pilot programmes

3. Training public administration for EU membership:
   - top level meetings on key strategic issues
   - specific policy fields training
   - managers' training
   - impact assessment training

4. Modernizing public services according to the EU standards:
   - centralization or decentralization, where appropriate
   - public service quality
   - provision models
   - management by objectives, where appropriate

5. Improving policy coordination and integration:
   - government level
   - department level
   - interfaces between European, national and regional levels

6. Developing new forms of communication and participation:
   - information from and to the citizens
   - information from and to the organized civil society

7. Developing new forms of partnership between public services and organized civil society by:
   - combining initiatives
   - sharing costs

8. Regular monitoring and evaluation:
   - developing specialized services
   - turning evaluation into a learning process

The Lisbon Strategy

Policies, European instruments and concrete measures

Policies	European Instruments	Some Concrete Measures
Information Society	eEurope Action Plan	- Internet access in schools, public services, companies - e-commerce
Enterprise Policy	Multiannual Programme for Enterprise and Entrepreneurship European Charter for Small Enterprises	- Support to start-ups - Cutting red tape
Innovation Policy	Framework of Common Objectives	- Developing the national systems of innovation
Research Policy	6th Framework Programme European Research Area Towards 3% of GDP Action Plan for Research	- Networks of excellence - Integrated projects
Single Market	Single Market Agenda Financial Services Action Plan Risk-Capital Action Plan	- Telecommunications package - Energy - Single sky - Community patent - Gallileo
Education	Common objectives and targets eLearning Bologna Process for High Level Education Copenhagen Declaration for lifelong learning Action Plan for skills and mobility	- New tools for lifelong learning - Convergence of degrees and recognition of qualifications
Employment	European Employment Strategy: Joint Employment Report, Employment guidelines and Recommendations for Members States' employment policies	- Better employment services - Adaptability with security - Equal opportunities - Active ageing

The Lisbon Strategy (Continuation)

Social Protection	Common objectives for pension provision Integrated approach for safe and sustainable pensions	- Coping with ageing
Social Inclusion	Common objectives Community Action Programme to combat discrimination Framework strategy on gender equality	- Targeted measures for the National Action Plans
Environment	EU strategy for sustainable development 6th Community Action Programme for Environment Community Eco-label working plan	- Community Eco-label awards - Environmental inspections
Macroeconomic Policies	Broad Economic Policy Guidelines Stability and Growth Pact	- Redirecting public expenditure for growth and employment

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