

Public Service Evolution in the 15 Post-Soviet Countries

Diversity in Transformation

Edited by
Alikhan Baimenov
Panos Liverakos

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Dedicated to the pioneers of public service reform in the post-Soviet countries.

Foreword

During the thirty years of independence the post-Soviet republics, albeit at varying levels of commitment and speed of change, aimed to create democratic governance and market-based economic systems. This book focuses on the public administration and civil service transformation trajectories of these countries.

The book comprises sixteen chapters, with the first providing a comprehensive overview of the reforms these states pursued in nurturing a professional public administration and a competent public service capable of accomplishing the countries' sustainable development objectives. The other fifteen chapters present the trajectory, each of the post-Soviet republics pursued in transforming their public administration and civil service systems over the course of a generation.

The overall conclusion of the book is that these countries' common historical experience while they were part of the Soviet Union, and their subjugation to the Soviet ideological and institutional regime, left them with many problems that eventually haunted them in their pursuit to establish and consolidate good governance and market-based economic systems. As a result, their reform efforts have been remarkably diverse. This, of course, is not surprising, as it has been demonstrated repeatedly that institutional transformation is highly dependent on specific "conjunctures", in particular historical and cultural, but also geopolitical contexts that may lead to divergent outcomes.

Generally, it would appear that these fifteen countries started with their reforms in the early years of independence—with the exception of a few that remained still for another decade and started introducing changes in the mid-2000 or later. At first, the majority of the post-Soviet republics looked to the West in exploring ways of transforming their respective political, economic, and social systems. Later, as we now know, they became aware that in order to develop and implement their envisioned transformation strategies—in a truly meaningful way—they had to take into account their historical and cultural traditions, as well as learn from one another.

Today, the public administration and civil service reform efforts of most post-Soviet republics are congruent with the objectives of the Sustainable Development Goal 16. This Goal aims at building peaceful, just, and inclusive societies, with equal access to justice under the rule of law, along with the existence of sound governance and transparent, effective, and accountable institutions. Goal 16 also aims at alleviating the corrosive effects of corruption, which damages social capital and undermines public trust. However, tackling corruption remains a challenge for most post-soviet republics. They yet need to confront this issue assertively, because persistent and pervasive corruption dampens their progress towards establishing the rule of law and equal access to justice and thus lowers their democratic governance standards. Although most countries have introduced integrity-based ethics systems, they need to supplement them with professional socialisation measures that are reinforced by incentives for good behaviour, and policies enhancing meritocracy and transparency, as well as the adoption of international standards in combatting bribery and the flow of illegal funds.

What distinguishes a duly performing civil service are ethical and professional values that are truly internalised and institutionalised. A civil service marred by corruption will not for long be able to maintain its competence, efficiency, and responsiveness. Furthermore, experience has demonstrated that persistent and pervasive corruption diminishes the beneficial outcomes of reforms and undermines the sustainability of development gains.

If one looks at these countries' human development, one will note that all but two of these fifteen countries have attained scores that are above world average, classifying them as countries with a relatively high human

development (HDI 2019).[1] However, who also looks at their governance norms in place will note that wide differences exist. For instance, the three Baltic States and Georgia display high scores that place them in the top twenty-five per cent of countries in the world for adopting good governance practices. Another five countries—Armenia, Azerbaijan, Belarus, Kazakhstan, and the Russian Federation—are placed in the top fifty per cent, and yet another four—Kyrgyzstan, Moldova, Ukraine, and Uzbekistan—in the top seventy-five per cent, while two countries—Tajikistan and Turkmenistan—are placed in the lower twenty -five per cent in the world (WGI 2018).[2] In sum, the countries that display higher scores have established solid institutions of democratic governance by pursuing relatively consistent reform policies, which resulted in institutional transformation that is more advanced than in other post-Soviet republics.

How can one explain such differences? The critical factors that have probably influenced the pace, scope, and overall direction of reforms over the past thirty years are historical, political, economic, and cultural in nature. They have played a role in driving (or inhibiting) public administration and civil service reform. Hence, in order to gain an adequate understanding of these differences and identify the causes of the varying national outcomes, one must take into account many aspects of each country's political, economic, and social norms and values, constitutional arrangements, the interplay of politics and economics, the propensity of political elites for change, the vision and objectives of the political leaders, public attitudes towards politics, and the effects of international influences, to name a few.

As no significant evidence-based research exists to date on the experience of these countries—shifting from totalitarian to a democratic political regime and from a command-based to a market-based economic system—this book is a worthwhile attempt to shed light on the subject matter.

[1] Human Development Index; http://hdr.undp.org/en/content/human-development-index-hdi.

[2] World Governance Indicators; http://info.worldbank.org/governance/wgi/#home.

It offers a critical examination of public administration and civil service reform in the post-Soviet republics since their independence.

New York, USA

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CHAPTER 1

30 Years of Transformation: A Comparative Assessment

Alikhan Baimenov and Panos Liverakos

1.1 Introduction

In 1991, the Soviet Union's disintegration was followed by the restoration of fifteen independent states. At that point, they all had to confront a situation where the dominant command economy and political power system vested in the one and only Communist Party had collapsed. Thus, they all had to make some hard choices in developing from scratch a market-based economy and introducing plurality in their political systems aspiring to establish truly democratic regimes.

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The main objective of this chapter is to present a critical review of public administration reform experience—with an emphasis on civil service transformation and subsequent development—in the fifteen post-Soviet republics in order to grasp the range and depth of administrative change that has taken place in the course of a generation. Another equally important objective is to discern, from the analysis, those factors and other variables that seem to be particularly relevant to the trajectory each country has followed, as well as the pace and scope of transformation and development of its governance and public administration, and its civil service in particular.

The ultimate goal is to draw potentially valuable lessons from the cumulative experience of the post-Soviet republics on public administration and civil service transformation for academics and practitioners. Especially as it seems that in most cases, there is still some considerable amount of work to be done in order to establish a truly professional and competent civil service that properly safeguards the public interest and is capable to cope with the immense challenges ahead, i.e. the post COVID-19 world, AI and automation, and environmental degradation, to mention a few.

The chapter begins with some theoretical perspectives pertaining to transition of the post-Soviet republics to a new political, economic, and social regime. Normative models pertaining to the development of countries in transition are put forward in an attempt to discern later on to what extent the fifteen countries fit into these normative models and to what extent they deviate and why. In a similar context, a discussion is also put forward on where countries stand on the development continuum vis-à-vis the Sustainable Development Goal 16 (SDG16) objectives, e.g. possessing transparent, effective, and accountable institutions, establishment of the rule of law and due process, and sound governance at all levels of public administration.

The next part of the chapter looks at the fifteen countries as they are depicted through several development-related world indices such as human development, economic complexity, quality of governance, world competitiveness, fragility, perception of corruption, etc. This is an important exercise as it provides an indication of the progress these countries have made on any of these dimensions vis-à-vis other countries around the world, as these dimensions are certainly related with the path of development and change that a country has gone through over the past 30 years. At the same time, it is also understood that such development- and

prosperity-related indicators are disputed by many, as not really depicting the true state of affairs. The point is accepted and considered in the discussion. However, in the absence of any other more reliable indicators, these indicators will suffice to the extent that they will provide some explanations on why some countries have fared better than others in the quest for development and change.

The chapter continues by critically examining the transformation in governance in the fifteen post-Soviet republics and the role of public administration reform in the process, with respect to institutional and structural transformation. This section also looks at the *modus operandi* of administrative reform, modalities adopted, extent of digitalisation, etc, as well as the degree of transparency and accountability achieved. Furthermore, it looks at public service delivery and the extent to which the level and quality of provision meets citizens' demands and expectations, as well as at the modalities government employ to deliver public services, e.g. e-government.

The next section—the core part of the chapter—examines public [civil] service reform and how it is manifested across the fifteen post-Soviet republics. It also looks at the types of civil service systems in place and the procedures that affect the level and degree of professionalisation in the public service, and it closes with a discussion of the factors that have facilitated or impeded civil service development in these fifteen countries.

The chapter ends with a discussion on public administration and civil service development over the past 30 years in the fifteen post-Soviet Union countries, with respect to efficiency of government and levels of trust in government attempting to illustrate the extent to which administrative change and civil service transformation has taken place. The goal is to discern those variables and factors that seem particularly relevant to the current situation in each of these countries and thus be able to provide some pointers towards future reform and development strategies to policy makers in the area and beyond.

In sum, what has happened in the past 30 years? Why some events and endeavours happened, and others did not? What are the countries' future perspectives taking into consideration contemporary reality and changes that are taking place around the world in many, if not all, policy areas? Answers to such questions may assist policy makers in their quest to design and implement sound and effective policies for the benefit of their citizens' well-being.

1.2 Perspectives on Transformation in the Post-Soviet Countries

The historical experience of common subjugation to the Soviet ideology and institutional norms has been followed by a remarkable diversity in the political, economic, and social transformation of the fifteen post-Soviet republics, when they broke away in 1991 *en masse*. This leads to the notion that institutional transformation does not always depend on some generally similar forms prescribed by theoretical models focusing on transition countries across time, but it may be a result of specific "conjunctures" leading to divergent outcomes (Rothschild and Meriwether-Wingfield 1999). In this context, considering various existing theoretical perspectives that delineate countries' transition from one political, economic, and social system to another may enable us to gain a better understanding of the crucial explanatory variables that have mostly influenced, albeit differently, the transformation outcomes of the post-Soviet republics.

Most of these theoretical perspectives on transition and democratisation in post-communist countries are influenced by Western thinking, as they are generally based on the experiences of North American and European countries. This condition implies an unconscious predisposition to view post-communist political development through interpretations derived from the experience of these countries that have not gone through a historical transformation associated with communism. In fact, political scientists have questioned whether paradigms of democratisation drawn from non-communist countries are relevant to the study of post-communist political change. This is corroborated by some economists, who have challenged the applicability of models drawn from non-communist societies to the dilemmas of economic reforms in post-communist states (Parrott 1997). Nevertheless, there is some logic in examining these countries' transition trajectories utilising existing theoretical perspectives, as they will somehow allow us to discern the crucial factors that have played a role during transition progress on the continuum from a monolithic political system and a command economy to a pluralistic political system and a market economy.

To begin with, all these countries started with remarkably similar political, economic, and social systems due to their common legacy as part of the Soviet Union for several decades—irrespective of the fact that almost all of them had existed as independent states long before in the past; a

factor that has also played a role in their transformation path over the past 30 years. Despite this common legacy, it seems that they have been shaped by very dissimilar processes also during the same period. Consequently, comparisons among the different patterns of political, economic, and social developments of these countries may be especially rewarding in advancing our understanding of the factors that played a role in their development. See for example, the contrast between Estonia and Turkmenistan. Nowadays, these two countries have little in common besides the fact that they were once called communist and were part of a collective union.

In sum, comparisons among post-Soviet countries can assist in shedding light on the causes of the varying national outcomes that have begun to crystallise roughly a generation after the demise of the Soviet Union. It is hoped that these comparisons shall reveal the influence of the various factors on the transformation path of these countries over the past 30 years. They will, for instance, consider constitutional arrangements, public attitudes towards political, ethnic, and national sentiments, the interplay of politics and economics, and the effects of international influence, among others (Glenn 1999). They will also contemplate their historical and cultural legacies, in conjunction with periods before communist rule was imposed on them, thus exploring the types of regimes that have emerged since the restoration of their independence vis-a-vis the particularities of each country, whenever possible. In this sense, the analysis will attempt to clarify the choices that have steered a country's politics towards a democratic or an authoritarian direction, by exploring the degree to which political arrangements have fostered or inhibited an expansion of popular political participation through the introduction of truly competitive elections and the formation of political parties. Then, it may be possible to assess why some countries have democratised their political systems and others have moved towards authoritarian regimes.

From a normative point of view, this is important as a transition is successfully completed when a consolidated democracy and a functioning market economy are established.[1] Currently, the spectrum includes variants of democracy, variants of authoritarianism, and some hybrids in

[1] Even though democracy is a highly contested concept, there is a quite broad consensus on its basic components, such as free and fair elections with comprehensive voting rights, political rights and freedoms, and the rule of law (Gill and Markwick 2000). Nevertheless, where to draw a line between consolidated and unconsolidated democracies still remains a

between. For instance, Freedom House (2020) distinguishes four countries with established consolidated democracies and market economies and another seven with authoritarian regimes and statist economies, with the remaining four still in transition. This is understandable, as both historical experience and a priori reasoning suggest that a spectrum of possible post-communist outcomes is expected (Parrot 1997; Isaacs and Frigerio 2019).

Another factor that has influenced the direction of development is whether struggles over change has taken place within the arena of a firmly established nation-state. In most cases, the struggle over democratisation and the establishment of a market economy has coincided with efforts to create the political framework of a new state on a portion of the territory of the old political regime. This situation has severely complicated the efforts towards democratisation and market liberalisation, as the processes frequently triggered incendiary controversies over the national identity of the new states, contested borders, and rival groups' competing claims to be the only indigenous inhabitants of their new country (Ascherson 1995). In other cases, national declarations of independence from a larger communist regime coincided with simultaneous attempts by local minorities to declare their own independence from the newly established states (Parrot 1997). Such centrifugal processes were detrimental to the pace and course of transition.

Values and culture are another determinant of the development of a country. The content of the prevalent values and culture shapes the perceptions and actions of the political elites and the mass public. However, empirical evidence suggests that a country's values and culture are neither fixed once and for all, nor completely malleable, as they may change in response to new historical events and personal experiences, although with a considerable lag through the generational turnover of citizens. In this context, the values and culture inherited from the Soviet era may take some time to disappear, despite concerted efforts of many of these countries to rid of them. Nevertheless, values and culture are important determinants of the way that political institutions evolve and operate,

bone of contention as there is no common understanding of the concept (Schedler 1998: 91–92).

as over time major social events exert a reciprocal influence on the content of a country's [political] culture (Dawisha and Parrott 1997).[2]

Thus, in addition to examining the historical roots of national identity in each country, analysts of the post-Soviet realm's political change examine other effects of the post-communist legacy. Studies of democratisation in states lacking a communist past have shown that countries which have had a prior experience of democracy, even if the experience has been unsuccessful, have a better chance of democratising successfully on their second attempt. This is because, prior democratic experience may promote current efforts for democratisation in several ways. If fairly recent, it may provide "human capital"—that is, persons with a first-hand understanding of democratic institutions and practices, who can help launch and maintain the new political arrangements. Even if historically remote, previous experience may provide instructive lessons in the design of democratic institutions matched to the particularities of the country in question.[3] Finally, previous experience may help legitimise new democratic institutions by protecting them against potential change that may be a result of alien cultural imports (Huntington 1991).

One more important variable that has influenced the transition of these countries has been the international environment, which includes geopolitical, institutional, normative, and cultural elements. Historically, the overall effects of the international environment on attempts to promote democratisation have ranged from highly beneficial to extremely harmful. By historical standards, the contemporary international setting has been relatively favourable to the creation and consolidation of new democracies, although there have been important regional variations in this respect. Conversely, international conditions have not always favoured all

[2] Many scholars who analysed the Eastern European transition emphasise that historical legacies matter. A common assumption of this approach is that historical phases, such as Communism, the Ottoman and Mongol periods, and specific institutions established long ago, such as the Christian Orthodox Church, have shaped popular belief-patterns and thereby the political culture in the region, which in turn has had a large impact on the post-communist trajectories towards democracy and market economy. This approach is called path dependence. Scholars differ, however, on how far back in time it is relevant to go, as well as on the possibilities to change negative patterns (Dryzek and Holmes 2002; Grugel 2002).

[3] The distant past assumption has been applied to the outcomes of both the political and the economic transitions. According to this perspective the outcome of transitions is largely predetermined by legacies, which the policy makers in the region can do little to overcome (Dryzek and Holmes 2002; Rose 2017).

post-Soviet republics at democratisation in equal measure. The effects of the international setting have varied sharply by region and by the form of outside influence in question.[4] For example, the proximity of a large cluster of established European democracies and the prospects of close political and economic ties with them has had a considerable effect on the transformation course of several of the post-Soviet republics. However, one may easily witness the isolation of Belarus from the countries to its west, indicating that the scale of influence is not solely determined by the receiving states' location or culture (Huntington 1996).[5]

Another element to be considered is the effects of privatisation on the prospects for democratisation and political, economic, and social reform, which are also likely to vary. Privatisation of state property may facilitate democratisation by providing an essential check on authoritarian tendencies through the wide distribution of private property and economic activity, but at the same time allow old elites to engage in lucrative and far less risky economic activities rather than attempting to reinstate an authoritarian order. However, privatisation of state property may also inhibit democratisation if insider dealings allow for concentration of property to a few individuals giving rise to mass sentiments that equate democracy with social injustice and rampant corruption. This is especially likely to occur if elite corruption and an equivocal elite attitude towards economic reform produce a protracted depression of popular living standards (Dawisha and Parrott 1997).

[4] The generally supportive international environment has been shaped by a number of factors: the heightened Western commitment to human rights as a major aspect of inter-state relations; the gradual absorption of liberal ideas into once-autarkic societies made increasingly permeable by competitive pressures from an open global economy; the gravitational pull exerted by highly prosperous Western democracies and by multilateral institutions prepared to assist post-Soviet transformation; and the intensifying bandwagon effects exerted by leading exemplars of reform, such as Poland, on other former communist countries that initially dragged their feet (Verheijen and Rabrenovic 2015).

[5] Several factors account for this variation in international influence: The greater physical and cultural distance between the West and most of the non-European post-Soviet countries, the lower level of strategic interest in these countries, coupled with a tendency to manifest less concerns about their internal liberalisation than about their potential as sources of energy and raw materials. Furthermore, some countries' greater vulnerability to pressures from Russia—pre-occupied with ensuring the stability of its southern flank—has placed substantial limits on the West's diplomatic leverage in several of these countries, where booming economies have emboldened some authoritarian regimes to defy and ignore western human-rights standards (EBRD 2020).

Following this brief discussion of factors that have influenced the course of transition, and the pace and scope of reforms, we approach the transformation process of these countries from the governance perspective, as at its core governance is about the quality of institutions that establish the rules of the game in a society. Its working definition denotes that governance determines who has the power, who makes the important decisions, how other players make their voices heard, and how account is rendered. Furthermore, governance may be thought of as the rules of the game determining the constraints and incentives that political and economic actors are subject to. In other words, governance dictates the way people organise themselves, whether at the level of small groups or entire societies (IoG 2020).

Undoubtedly, the fifteen post-Soviet republics began, back in 1991, with much weaker governance than advanced market economies. Narrowing this gap would yield a substantial growth dividend, as research and practice show that improvements in governance contribute to stronger growth, and structural reforms enhance the qualities of sustainable market economies (EBRD 2017; WB 2017; MGI 2018). Progress in governance was also hindered due to the lack of evidence-based policy making, as public administration as a scientific discipline was not allowed to develop during the Soviet times, which could eventually provide guidance in narrowing the gap. Nonetheless, despite the improvements in governance that these countries have achieved over the past three decades—which have been larger than those seen in other countries with comparable income levels—the "governance gap" relative to advanced economies remains sizeable overall, with some notable exceptions, i.e. Estonia, Georgia, Latvia, and Lithuania.

This is important as poor governance is detrimental for three reasons. First, it creates uncertainty when the rules of the game lack clarity and outcomes become unpredictable. Uncertainty discourages investment and economic growth and people from investing in their futures. Second, poor governance damages competitiveness, as corruption—the correlate of poor governance—necessitates additional payments, increasing the cost of economic activity, getting good education, and accessing medical services, or other public services. And third, poor governance creates an uneven playing field, as it gives advantage to business and individuals with links to ruling elites, while disadvantaging others. Such a situation leads to

inequality of outcomes, inequality of opportunities, and inefficient allocation of resources. Furthermore, it gives rise to a general sense of injustice and disillusionment with politics (EBRD 2020).

In a broader sense, governance may also be approached as a system of dynamic concentric spheres. This new model allows for clearly demonstrating the limitations and opportunities that are determined by the influence of the political system—the outer sphere—on the administrative and operation-technological systems—the inner spheres. The model also introduces the concept of "elasticity of governance" as one of the characteristics of the political system, as it is the political system that determines the conditions for a country to realise its potential, by establishing the core rules, the rules of the game, and it provides the connections and interactions among societal actors, the different branches of state power, and the economy. Thus, it is the political system that determines the framework within which the other two systems operate and it delineates their capacities and limitations; its elasticity in other words. The model also professes the principle of the "balance of powers, responsibilities, and resources" as one of the prerequisites for ensuring the effectiveness of the administrative system (Baimenov 2020b). The model of dynamic concentric spheres explains the paradox in which some post-Soviet republics score quite adequately in various international indices measuring progress in various policy areas, and yet they may lack considerably on others measuring the quality of governance, e.g. participation, representation, adherence to the rule of law, existence of corruption, etc. In this context, for the inner sphere systems to flourish, the political system has to change in order for these countries to realise their full potential and that of their people.

In conclusion, an adequate understanding of this exceptionally complex process of transformation requires a better understanding of the nature of the political, economic, and social status changes occurring inside the post-communist states themselves. Thus, the next section is devoted to a presentation of the countries' performance on several international indices over time, followed by two others dealing with governance, public administration, and civil service transformation and reform that took place in these fifteen countries.

1.3 The Fifteen Countries Performance Seen Through Development Indices

International indices measure various dimensions of public life and well-being ranging from governance and public administration efficiency to economic development and prosperity levels. These indices—despite their known methodological limitations—do not only show the countries' relative standing on several of these dimensions, but they also allow for identifying correlations among them that may help explain the similarities and differences that exist across these countries.

With respect to human development, it seems that most of the fifteen countries are classified as highly developed and their respective scores are well above the world average. Some of them seem to be close to the high development threshold (0.892), e.g. Estonia, Latvia, and Lithuania followed by Kazakhstan, Georgia, Belarus, and the Russian Federation. Another cluster of countries are just above the world average (0.731), e.g. Armenia, Azerbaijan, and Ukraine, and the remaining countries are below, e.g. Tajikistan, Turkmenistan, Kyrgyzstan, Uzbekistan, and Moldova. However, such scores should be interpreted with some reservation, as reliance on them as an aggregate measure of human development may lead to oversimplified and sometimes misleading conclusions. Therefore, one should also look further at how these countries score on the component indices comprising the human development index (HDR 2019) (Fig. 1.1).

A closer look at some of these components of the index reveal two areas that are important in view of the state of the world nowadays. Education and access to modern technologies and the internet seem to matter the most. Thus, by looking at these component indices may provide a better picture of the prospects these countries have in the twenty-first Century (HDR 2019: 6–20). Indeed, life-long education and learning for reskilling, in contrast with traditional education, will be instrumental to the development trajectory of countries. Likewise, use of modern technologies can serve as a bridge to leapfrog to higher human development levels and thus reduce inequalities, if access to basic and advanced technologies and the ability to use them is ensured.[6]

[6] Public administration and public services are already being transformed because of the technological disruptions (e.g. 4th Industrial Revolution trends) that will inevitably lead to displacement of labour and to "reinstatement effect" that will create demand for

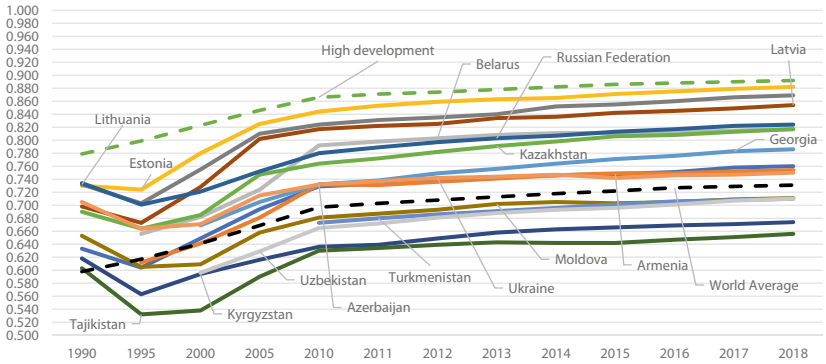


Fig. 1.1 Human development index for the fifteen post-Soviet republics (1990–2018) (*Source* HDR 2019)

With respect to governance, Worldwide Governance Indicators (WGI) are utilised to assess the performance of these fifteen countries over the past three decades. The WGI is a composite of six indices, each of which covers a different dimension of governance. We focus on four such dimensions, i.e. government effectiveness, regulatory quality, control of corruption, and rule of law, as they are the most relevant to the topic of this chapter.[7] These four indices together provide a relative measure of the extent of the governance transformation of these countries, an illustration of the diverse paths these countries have followed over time.

The first component—government effectiveness—captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies (WB 2019) (Fig. 1.2). It is striking to see that, in 1996—the first-year data are available for all fifteen post-Soviet republics—their scores varied, despite their common Soviet past.

new occupations such as cybersecurity experts, digital transformation specialists, and data scientists (HDR 2019: 209–211).

[7] If they are to be leveraged as a progress proxy by policy makers, they must be informed by much deeper country-specific investigations to appreciate the existing challenges and the multifaceted nature of governance in each of the fifteen countries.

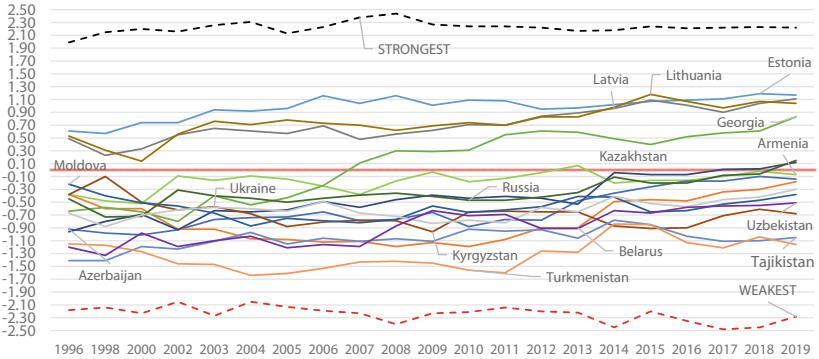


Fig. 1.2 Government effectiveness index (1996–2019) (*Source* https://info.worldbank.org/governance/wgi/)

One explanation for such differences may be the variation in the historical, political, and cultural legacies among these countries. This issue is discussed further in Sect. 1.4—*Governance and Public Administration Reform*.

Four groups of countries emerge with respect to government effectiveness. The first includes the three Baltic States and Georgia. In fact, Georgia showcases a country that caught up in the early 2000s when it initiated systemic reforms for combatting corruption, improving public service delivery, and revamping its police force. The second group comprises Armenia, Azerbaijan, Kazakhstan, and Russia. These countries have made considerable progress in transforming their civil services, digitalising their public services, and enhancing the quality of service delivery, e.g. Government for citizens in Kazakhstan, ASAN centres in Azerbaijan. The third group consists of Belarus, Moldova, Ukraine, and Uzbekistan. In this group, it is worth noting that government effectiveness in Belarus had a deep swing from –0.45 to –1.33 with stagnation between 1996 and 2010 and reaching the level of 1996 back only in 2016. The fourth group includes Kyrgyzstan, Tajikistan, and Turkmenistan, where it seems that government effectiveness is rather weak, with the latter country being an outlier even in this group.

The second component—regulatory quality—captures the perceptions of the ability of the government to formulate and implement sound

policies and regulations that permit and promote private sector development (WB 2019). A somewhat similar picture emerges in relation to the performance of these countries on the quality of regulation in facilitating and promoting private sector development. Regulatory quality in the three Baltic States seems the strongest, with Georgia catching up during the past five years. Conversely, regulatory quality is rather weak in Turkmenistan, Uzbekistan, Belarus, and Tajikistan. The remaining seven countries seem to hover around the centre of the scale with some of them displaying trends of improvement lately (Fig. 1.3).

The third component—control of corruption—captures the perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Two distinct groups emerge through the control of corruption index scores. The Baltic countries and Georgia are leading—although their status is still below the best-performing countries in the world—and the remaining eleven follow. It is well known that controlling corruption correlates strongly with government effectiveness and the rule of law. Thus, country scores on this index provide a similar picture as the scores for the government effectiveness index (Fig. 1.4).

The fourth component examined measuring the quality of governance is the rule of law index. It captures the perceptions of the extent to which

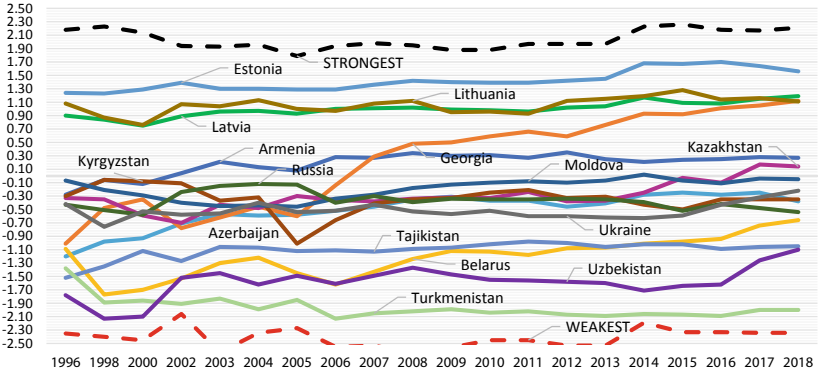


Fig. 1.3 Regulatory quality index (1996–2018) (*Source* https://info.worldbank.org/governance/wgi/)

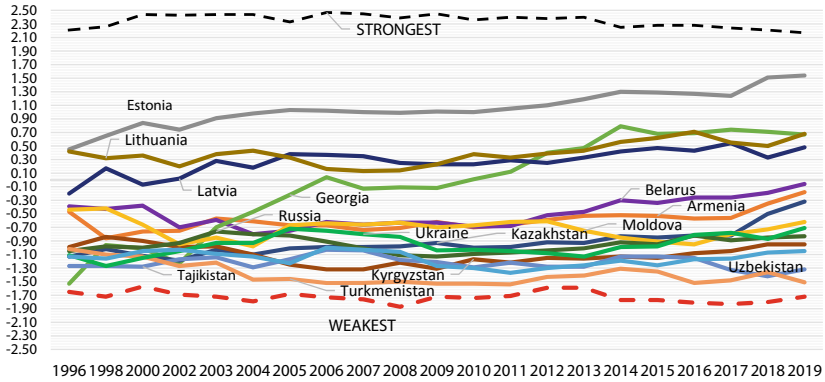


Fig. 1.4 Control of corruption index (1996–2019) (*Source* https://info.worldbank.org/governance/wgi/)

agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. As in the previous cases, the Baltic countries are leading with Georgia catching up only recently. The second cluster includes many of the remaining countries signalling that considerable work still needs to be done for improving the rule of law in those countries (Fig. 1.5).

Having presented the trajectories of these countries over time along four of the components measuring the effectiveness of their governance systems, a graphic indication of their combined scores follows (Fig. 1.6).

According to 2018 data, it appears that all countries—except for Estonia, Georgia, Latvia, and Lithuania—still have some distance to travel towards establishing sound governance systems, even though some countries, i.e. Armenia, Azerbaijan, and Kazakhstan have made strides towards the right direction lately. Interestingly, Armenia and Kazakhstan seem to score much better on regulatory quality than on control of corruption and rule of law suggesting that their governments' ability to formulate and implement appropriate policies and regulations has been enhanced despite malpractices. This observation is also consistent with the discussion in the

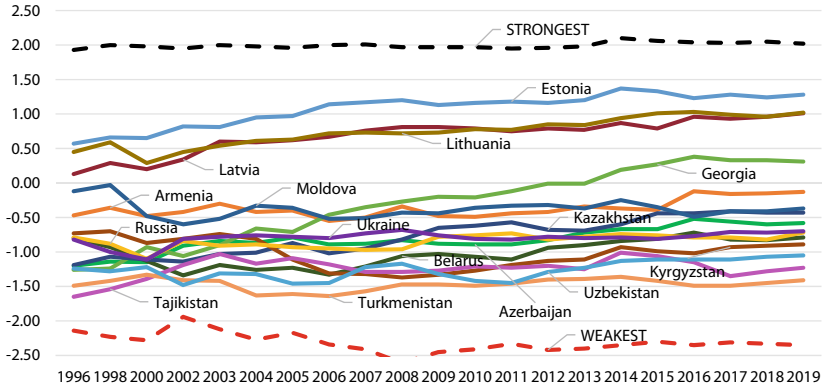


Fig. 1.5 Rule of law index (1996–2019) (*Source* https://info.worldbank.org/governance/wgi/)

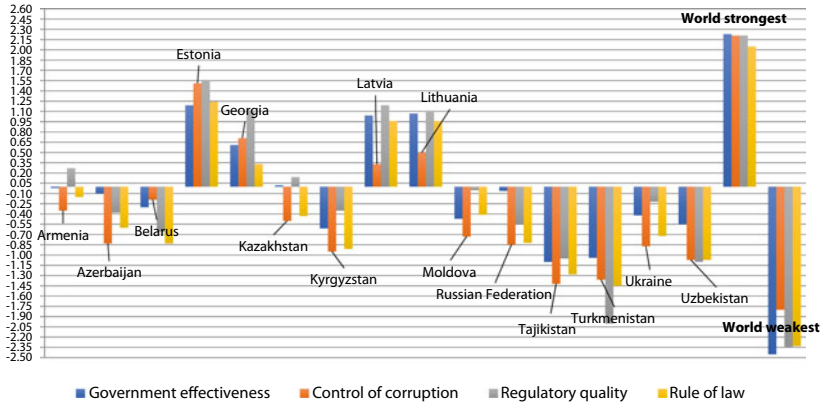


Fig. 1.6 World Governance Indicators scores by Index component (2018) (*Source* https://info.worldbank.org/governance/wgi/)

governance and public administration section of the chapter, particularly with those related to democratic governance and market systems.

The Fragile States Index (FSI) is another useful measure of the performance of the fifteen post-Soviet states, as it considers any pertinent vulnerabilities that may contribute to their potential fragility, and which

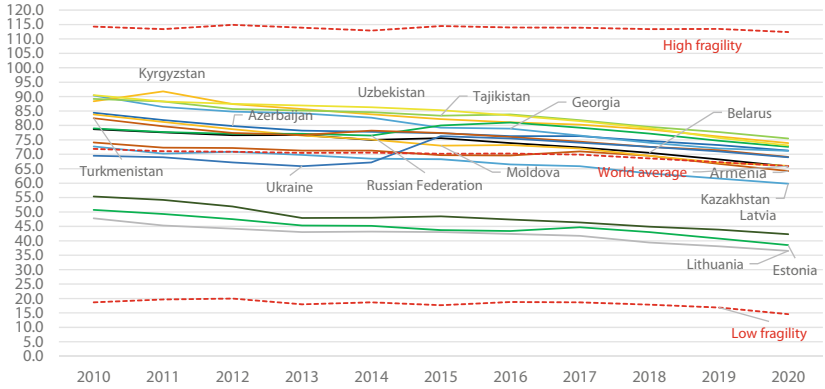


Fig. 1.7 Fragile States Index (2010–2020) (*Source* https://fragilestatesindex.org/data/)

may compound the normal pressures countries experience in their development. The Index values are calculated as the sum of scores of twelve indicators.[8] These indicators are relevant to the extent that they reveal the influence of certain factors on these countries' transformation from a monolithic political system and a command economy towards the establishment of democratic governance and market economies. Namely, state legitimacy, factionalised elites, group grievance, economic inequality, and public services, without however discounting the importance of the remaining indicators that are also relevant to the countries' transformation and development prospects (Fig. 1.7).

The data show that the three Baltic countries seem to have done well, as they score low on the FSI, followed by Kazakhstan; the only four countries among the 15 that score better than the world average with respect to fragility. The remaining 11 countries score below indicating the presence of considerable precariousness with respect to their stability and sustained efforts towards establishing sound governance.

[8] [i] Security apparatus; [ii] Factionalised Elites; [iii] Group grievance; [iv] Economy; [v] Economic inequality; [vi] Human flight—brain drain; [vii] State legitimacy; [viii] Public services; [ix] Human rights; [x] Demographic pressures; [xi] Refugees and IDPs; and [xii] External interventions. Each of the twelve indicators carries a score of ten points, thus the maximum score a country may obtain is 120 points. See also https://fragilestatesindex.org/methodology/.

However, it seems that these countries' scores vary substantially among one another, across the Index components. In some cases, scoring below the world average is the result of low performance on a single component, which, expectedly influences the overall scores achieved by a country. For instance, Georgia would have performed rather well and certainly be placed above the world average, if it did not lag on the territorial disputes and border conflict component of the index. Thus, we compare the 15 countries across several component indices namely, state legitimacy, factionalised elites, public services, and economic inequality that seem to have influenced the level of fragility of these countries.

The state legitimacy component considers the degree of representativeness and openness of government and its relationship with its citizenry and it captures the population's level of confidence in state institutions and processes. The three Baltic States register values well above the world average, with the remaining 12 countries below the world average. However, high variation exists among the 12 countries, with Armenia closest to the world average and countries such as Belarus, Tajikistan, Turkmenistan, and Uzbekistan registering rather high fragility levels on the dimension of state legitimacy (Fig. 1.8).

The factionalised elites index considers the fragmentation of state institutions along ethnic, class, clan, or religious lines. The indicator

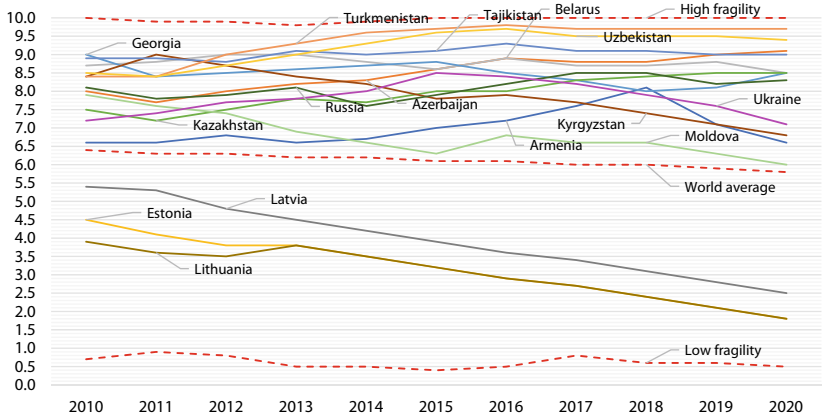


Fig. 1.8 Fragile States Index—state legitimacy (2010–2020) (*Source* https://fragilestatesindex.org/data/)

measures power struggles, political competition, and political transition levels. It seems that the majority of the fifteen republics score rather low on this index, revealing the persistent existence of factionalised elites, a fact reflecting that political systems have remained largely unchanged, as change is usually discouraged or thwarted by the dominant elites, evident in most of the fifteen post-Soviet republics, except for the three Baltic States (Baimenov 2020b) (Fig. 1.9).

The public services indicator refers to the presence of basic state functions that serve the people. An overall positive trend is observed across all fifteen countries along this index dimension. However, noticeable differences exist, indicating that some countries have made much larger progress in the provision of basic public services, thus placed above the world average scores for this FSI component (Fig. 1.10).

The uneven economic development indicator measures economic inequality within each economy, irrespective of its actual performance. In this case, all countries seem to have made considerable progress on reducing economic inequality, although a few still have some way to go (Fig. 1.11).

The performance of the 15 countries on international indices that are related with their economic performance and prospects, as well as the competitiveness of their economies, namely, the Economic Complexity Index, the World Competitiveness Index, the Ease-of-Doing Business

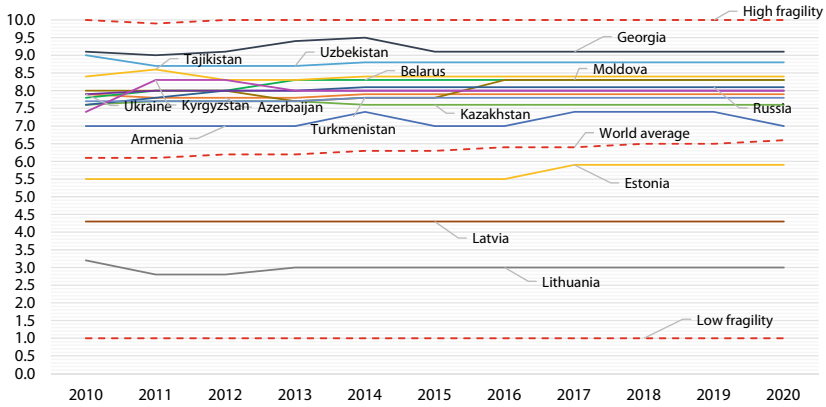


Fig. 1.9 Fragile States Index—factionalised elites (2010–2020) (*Source* https://fragilestatesindex.org/data/)

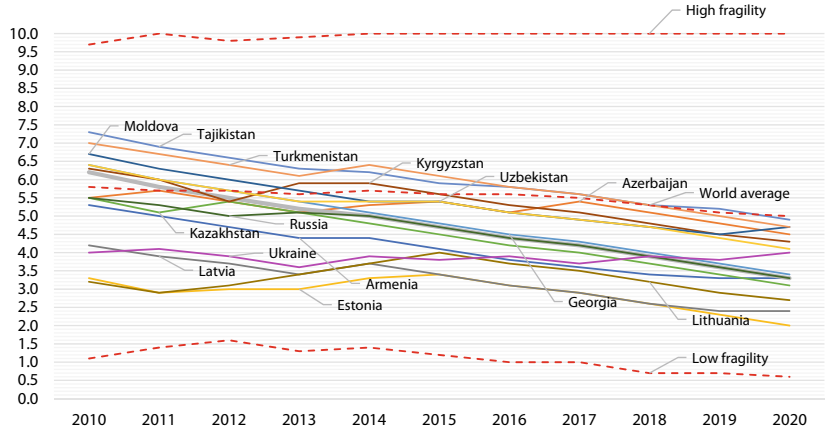


Fig. 1.10 Fragile States Index—public services (2010–2020) (*Source* https://fragilestatesindex.org/data/)

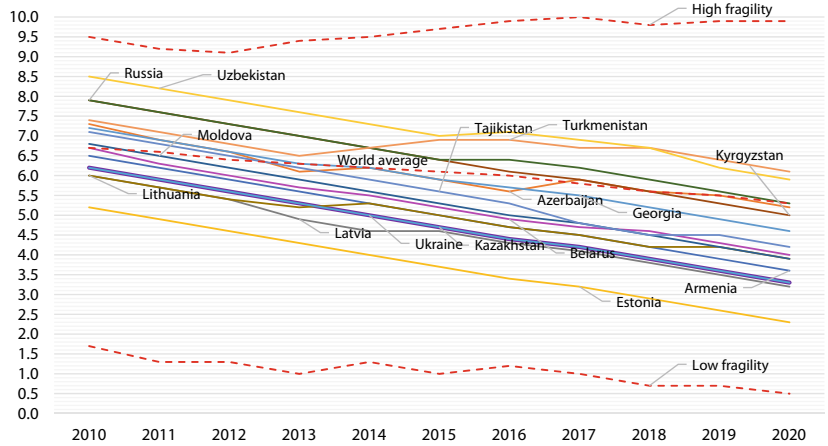


Fig. 1.11 Fragile States Index—economic inequality (2010–2020) (*Source* https://fragilestatesindex.org/data/)

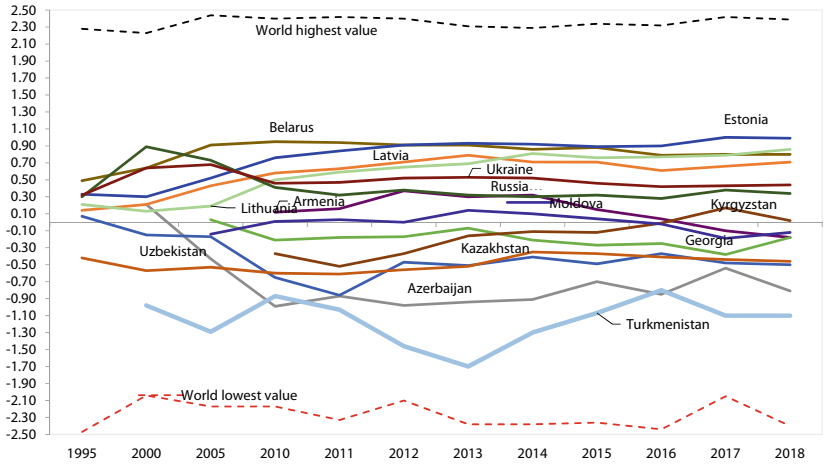


Fig. 1.12 Economic Complexity Index (1995–2018) (*Source* https://atlas.cid.harvard.edu/rankings)

Index, and the Global Labour Resilience Index, is examined next. These indicators are relevant, as it has been found that political stability, rule of law, and control of corruption are strongly associated with economic growth and vice versa. Thus, it is worth observing how these countries fare on such indices vis-à-vis the governance-related indices, presented above.

The Economic Complexity Index measures the complexity of a country's economy with respect to the mix of products it produces, and its subsequent pattern of diversification and potential for economic growth (Fig. 1.12).

It is evident from the graph that the commodity-driven economies score much lower in this index, and their economic complexity of products/sectors is much lower than of the economies with more diversified economies. Over the last 20 years, the countries suffering from the so-called "Dutch disease" have not managed to diversify away from the natural resources extraction dependence, which leads to fragile domestic labour markets and leaves them vulnerable to price fluctuations globally.[9]

[9] In economics, the Dutch disease is the apparent causal relationship between the increase in the economic development of a specific sector (for example, natural resources)

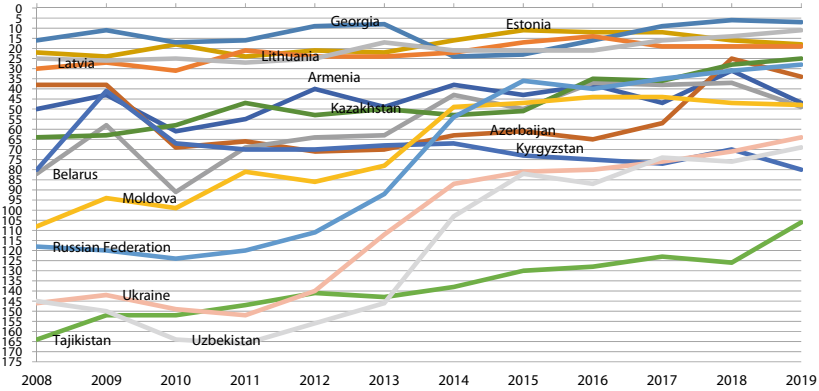


Fig. 1.13 Ease-of-Doing Business Index rankings (2008–2019) (*Source* World Bank Doing Business Report 2019)

The World Bank Doing Business Index measures the easiness of doing business in a country. It is a simple average of the scores of the topics included in the index.[10] Countries are ranked from 1 to 190—1 denotes best performer and 190 worst performer—and their total scores are determined by sorting their aggregate ease-of-doing business scores (Fig. 1.13).

The time series data indicate that most countries in the region fare well on the doing business index as most of them are ranked among the top sixty countries in the world, with the remaining making fast progress in

and a decline in other sectors (like the manufacturing sector or agriculture). The putative mechanism is that as revenues increase in the growing sector (or inflows of foreign aid), the given nation's currency becomes stronger (appreciates) compared to currencies of other nations (manifested in the currency's exchange rate). This results in the nation's other exports becoming more expensive for other countries to buy, and imports becoming cheaper, making those sectors less competitive. While it most often refers to natural resource discovery, it can also refer to "any development that results in a large inflow of foreign currency, including a sharp surge in natural resource prices, foreign assistance, and foreign direct investment" (Ebrahim-Zadeh 2003).

[10] (i) Starting a business; (ii) Dealing with construction permits; (iii) Getting electricity; (iv) Registering property; (v) Getting credit (vi) Protecting minority investors; (vii) Paying taxes; (viii) Trading across borders; (ix) Enforcing contracts; and (x) Resolving insolvency.

improving their business environments.[11] It is worth noting the remarkable progress made by countries such as Azerbaijan, Belarus, Kazakhstan, and the Russian Federation over the course of the past decade or so, placing these countries in the top forty countries in the world on the ease-of-doing business index. All except Belarus are also blessed with abundant natural resources. Their performance seems to be congruent with their scores on indices that measure regulatory effectiveness, but in disconcert with their scores on development indices measuring effectiveness of government; a paradox discussed further in the next section of this chapter.

In sum, a review of any set of economic, political, or social indicators for the post-Soviet republics also reveals a clear pattern of spatial distribution. Countries that are situated closer to the West have consistently higher scores and rankings on various indices presumably designed to measure the progress of political and economic transformations, quality of democracy and market institutions, macro-economic prospects, etc. These countries have established solid institutions of procedural democracy, and they overcame transition-related recessions much sooner by resuming economic growth, as they have pursued relatively consistent reformist policies and their institutional transformation is more advanced. Scores tend to decline the further east the country lies. This spatial pattern reflects a hierarchy of sub-regions across the ex-post-Soviet republics that differ significantly in their efforts of consolidating democracy and building a market economy. Moreover, such differences among sub-regions not only tend to persist, but even grow larger with every passing year. The Baltic Republics—Estonia, Latvia, and Lithuania—have emerged as the most successful countries from the former Soviet Union. Beyond that, not only the general scores decline when one moves from west to east, the data also show that the further east the region is located, the greater intra-regional variation seems to be, with some countries departing significantly from sub-regional trends and averages (Bagenholm 2005; EBRD 2020).

[11] No data exists for Turkmenistan.

1.4 Governance and Public Administration Reform

Once independent, the fifteen republics faced immense challenges with reforming their government structures, transforming their economies, and continuing to deliver key public services. This process was undoubtedly overly complex, as the triple transformation, i.e. political–administrative, economic, and social required extensive policy coordination and coherent management efforts in restructuring all spheres of public life.

The early years (1991–1995) were primarily devoted to consolidating political independence, delineating borders among neighbouring countries, attaining international recognition as sovereign states, and introducing a new currency, while at the same time reaching out for expertise and know-how to proceed with their transformation plans. This period is characterised by a significant drop in GDP and [*hyper*]inflation, as existing economic systems disintegrated. In the next five years or so (1996–2000), inflation subsided, and relative macro-economic stability was restored. During this period, most countries embarked on creating the framework for the establishment of a private sector, and initiated legislation to define and organise their civil service systems. Some other countries were late starters, and a few others were non-starters (Figs. 1.14 and 1.15).

The next twenty years, from 2001 to date, are characterised by a wide variation with respect to these countries political, economic, and social transition trajectories; a rather diverse process. Some countries pushed ahead with wide-scale reforms encompassing governance and public administration, albeit at different pace and scope. Some other countries also embarked on reforms, but mostly focused on selective

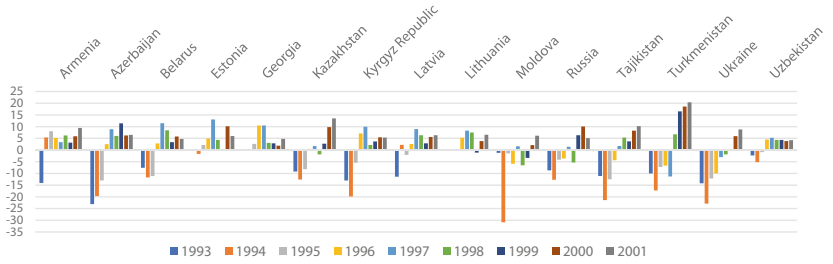


Fig. 1.14 Year-to-year GDP % change (1993–2001) (*Source* IMF 2020)

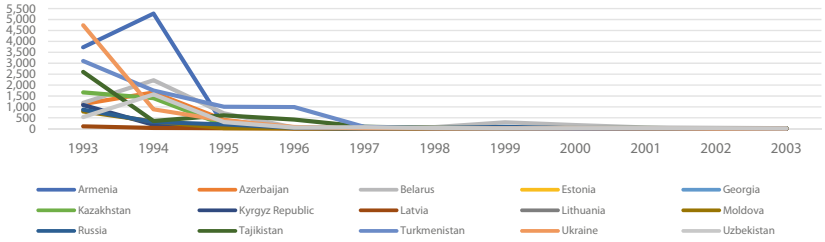


Fig. 1.15 Inflation rate (%) (1993–2003) (*Source* IMF 2020)

economic and social aspects and on public administration only. And yet, some other countries have initiated very few reforms, or none, effectively remaining still to date. Consequently, nowadays, one may observe well-functioning and economically stable democracies at one end of the spectrum, and weak states with unstable economic and social structures governed by authoritarian regimes, at the other end. Even though, they all started at the same point, governed by a monolithic political system and their economies being an integral part of a command economic system directed from the centre, for several decades.

In this context, one may distinguish several groups of countries, with respect to their transformation in establishing democratic governance institutions and free market-based economies. The first comprises the three Baltic States, with Georgia joining this group in the mid-2000s.[12] These countries have established multi-party democratic governments, succeeding one another at regular intervals in managing the countries' political, economic, and social affairs, and overseeing market-based economies. The second group consists of Armenia, Kyrgyzstan, Moldova, and Ukraine. These countries have made some progress towards establishing democratic governance regimes; however, their achievements to date are limited to establishing multi-party systems and conducting free elections. Furthermore, these countries are still some way before they establish market economies, as they have experienced serious setbacks and reversals in this course. The third group of countries is composed of Azerbaijan, Kazakhstan, and the Russian Federation, three countries

[12] Georgia's entry into this group is a good example of the malleability of cultural legacies over time, which in the case of Georgia, was induced by persistent political will to fight endemic corruption in the country's system of governance (ACSH 2015).

blessed with an abundance of natural resources. These have established a political system dominated by one political party and a strong presidency and have market-based economies, which however are dominated by large state-owned business enterprises. The remaining four countries—Belarus, Tajikistan, Turkmenistan, and Uzbekistan—are characterised by mainly authoritarian regimes and overwhelmingly state-dominated economies; however, it is hard to put them in one group, as each has been moving in its own peculiar way.

Obviously, the variation in the transformation of these countries is due to several factors that have influenced the scope and pace of institutional transformation and in particular their *modus operandi*. In most, if not all, cases policy directions and institutional changes are driven by national factors. First, it seems that considerable variation in their historical, political, and cultural legacies has been an important factor in shaping their transformation trajectories. Undoubtedly, these legacies shaped the publics' attitudes towards the organisation of political, economic, and social life, and consequently the distribution of power among the different stakeholders in society. These legacies have also shaped the organisation of state institutions and their role in the transformation process, either as facilitators or inhibitors. In this context, it seems that countries which had developed democratic institutions prior to subjugation to communist rule have fared better in instituting changes that drastically transformed their governance systems. In this instance, their historical tradition and political culture anchored on the notions of political plurality and market economy, present much before 1991, provided the framework through which they were able to proceed with the transformation process much easier and faster than other countries, which lacked such experience in the past (Baimenov 2020a; Baimenov and Liebert 2019).[13]

It is noteworthy that the length of such experience also played a role in the propensity and momentum for change and transformation. The countries that were exposed to longer periods of democratic governance and market-based economic systems were able to quickly break away and agree on a new model, principles, and practices of governance. Conversely, countries that lacked such long legacies opted for governance models

[13] The following countries had been exposed to democratic governance systems, prior to the creation of the Soviet Union: Armenia (1918–1920), Estonia (1918–1940), Georgia (1918–1921), Kazakhstan (1917–1920), Latvia (1918–1940), Lithuania (1918–1940), and Ukraine (1918–1922).

that concentrated political power to one institution, overwhelmingly to the presidency. In these countries, the transformation process focused primarily on liberalising their economies and revamping their administrative and civil service systems, while letting their political systems almost intact and in many instances resembling the system they broke away from. Second, it seems that the decisions made during and in the immediate aftermath of independence with respect to their governance arrangements were important in shaping the governance and public administration systems that eventually emerged.

For instance, the constitutional arrangements agreed played a major role in the degree of dispersion of political and decision-making powers. Estonia, Georgia, Latvia, and Moldova adopted constitutions that led them to establishing parliamentary democracies, in which the power to legislate and implement policy was shared among parliament and the government headed by the prime minister. Two more countries, Armenia in 2015 and Kyrgyzstan in 2010 also adapted their constitutions to become parliamentary democracies.[14] Lithuania has adopted a mix of a parliamentary–presidential system; a system that was also adopted by Armenia for ten years (2005–2015), before also shifting to a parliamentary system and Ukraine between 2004 and 2010, prior to reverting to a presidency-centred system of governance again.

Several other post-Soviet republics opted for constitutional arrangements that assigned a central role to the president, effectively subordinating the executive, legislative, and judicial branches of government to the presidency. For instance, Azerbaijan, Belarus, Kazakhstan, the Russian Federation, Tajikistan, Turkmenistan, Ukraine—except for a period (2004–2010) that the country had adapted a semi-parliamentary system of governance—and Uzbekistan. Nevertheless, concentration of power and degree of domination by the presidency varies considerably among these countries. A good example is the wide variation one may observe between Kazakhstan and Turkmenistan, nowadays. In sum, six of the post-Soviet republics have adopted a parliamentary system of governance, one a mixed system of power sharing between the presidency

[14] Kyrgyzstan had a presidential system in place from independence to 2010, when it adapted a parliamentary system of governance. Then, in January 2021, it reverted to the presidential system again decided by referendum, aimed at facilitating consensus among the country's political forces for national development.

and the parliament and the remaining eight a presidential system of governance.

Third, it seems that the transformation process, especially in the early years of the process, was influenced by the prevalent external environmental conditions and international circumstances, i.e. vision to join the European Union and/or international organisations, models of governance in fashion, etc (EBRD 2007). For instance, some of these countries adopted the political aim to join the European Union, and thus they had to transform their governance systems to become eligible for membership. Other countries adopted the vision to become members of international organisations, e.g. the OECD, inspiring them to adopt policies and practices that are congruent with internationally accepted principles of governance and public administration and thus become eligible to join such organisations within a reasonable period of time.

Conversely, the transformation process coincided with the period the New Public Management (NPM) ideas were in fashion among most international development organisations. As a result, a multitude of NPM-inspired ideas were reflected in the technical assistance provided to the reform efforts, especially in those cases associated with fulfilment of conditions that accompanied much needed loans provided by international financial institutions, necessary for ensuring economic and social stabilisation in the newly independent countries (Randma-Liiv 2007). Virtually, all countries that embarked on transitioning their governance systems in the early 2000s adopted policies and practices that were inspired by the NPM doctrine and many NPM-based ideas of Anglo-Saxon traditions such as agencies, performance contracts, and quality management, among other. Some of these countries eventually abandoned such policies reverting to "continental models", and others modified many of these reforms by adapting them to fit the local context.

On another note, those countries that embarked on reforms—as several of them stayed still, even to date—seem to share a common characteristic with respect to their transformation efforts. Their efforts were not based on unified and clear strategies for the implementation of reforms, which inevitably resulted in inefficiencies in policy creation and implementation, as well as in several setbacks and time-consuming revisions. This is understandable, as most of these countries—especially in the earlier years—were still in search of the political, economic, and social systems they wanted to adopt, despite that they all declared their intention to

establish democratic governance and free market models in their constitutions. More recently, most of these countries have made several attempts in devising effective reform strategies in order to ensure the clarity of the direction of the reforms and the efficiency of their implementation. On the contrary, some of these countries did not devise any strategic documents for coordinating the reforms, but they proceeded with *ad hoc* and piecemeal reforms, which nevertheless eventually yielded tangible results. However, one may suggest that the lack of national strategic documents were, in several cases, compensated by the *acquis communautaire* that guided their reform actions in becoming members of the European Union—of which public administration and civil service reform was a "soft" conditionality.[15]

In contrast to these countries' divergence of their governance transformation paths, they all share a common challenge: corruption. It is a problem in all countries, although it may be more acute in some than in others. The extent of the challenge is manifested through the countries' scores on the CP Index. Apart from the Baltic States and Georgia, their scores have remained low over a decade, with some slight improvements noted in recent years for several countries. In this context, it is imperative that their situation improves since corruption is a grave detriment to governance and public administration reform and overall development efforts. In fact, it is not possible to build a truly democratic system of public administration that is effective, responsive, and accountable to citizens without curtailing corrupt practices and making corruption intolerable and unacceptable.

Pervasiveness of corruption in the public sector dates to the Soviet regime. It is associated with an ambiguity that existed in the moral and ethical foundations of society, as the Soviet regime had instilled an understanding in people that public property belongs to no one and taking a share of it is not immoral. Thus, illegal acquisition and pilfering of public property was widespread and tolerated by society. The effects of this legacy became more profound with the establishment of

[15] The *Acquis Communautaire* is the collective legal term for the European Union body of laws. It stands for the whole body of written and unwritten EU laws, the EU's political aims, and the obligations, rights, and remedies the Member States share and must adhere to regarding their EU membership. Thus, in essence, the *Acquis* is not a source of law itself, but a heterogeneous and amorphous blend of politics and laws of different hierarchical order, setting the benchmark for the current state of European integration.

private property ownership and large-scale privatisation of state-owned assets that was characterised by high levels of corruption in the process (Baimenov and Liebert 2019). This was a result of the high tolerance for corrupt practices among the population and the general belief that corruptive abuses and misconduct for those involved—public officials and prospective entrepreneurs—are low-risk events and can be conducted with impunity (Spector et al. 2006; Voslensky 1984: 112–113).

Two primary types of corruption may be distinguished: political and administrative. Political corruption is manifested through favours, money, and/or influence, which are traded in exchange for votes, appointments, access to financial assistance on favourable terms, or simply as a "ticket" to proceed with projects that involve substantial kickbacks for those who facilitate their materialisation. Political corruption is also manifested through state capture that entails actions of individuals, groups, and/or business entities, both in the public and the private sectors, to influence the formulation of laws, regulations, decrees, and other government policies to their own advantage, in exchange of illegal transfers or concentration of private benefits to public officials (Rawls 1971). A widespread variance of political corruption has been witnessed in the privatisation process that took place in some of the countries—and is still on-going in some others—after the collapse of the Soviet system when state property was transferred into private ownership *en masse*.

Undoubtedly, political corruption is a reality in most of the fifteen countries, but it varies from country to country. In some cases, it is manifested through party and campaign finance practices (Sootla and Laane 2013). In other cases, it is characterised by the existence of political elite groups intertwined with the "winners" of privatisation. The members of these political–economic elite groups benefit from their positions and influence on the political and economic systems. Political elites use state power to enhance their wealth, and economic elites use their wealth to enhance their power. They also enjoy immunity from any of their actions unless they engage in political and economic activities that challenge the status quo (Ibrayeva and Nezhina 2013).[16]

Administrative corruption refers to the intentional imposition of distortions in the prescribed implementation of existing laws, rules, and regulations to provide advantage to either state or non-state actors, in exchange

[16] Anti-corruption measures have also been used by ruling elites to persecute—and prosecute—as well as discredit opposition members and keep them in check.

for some illicit gains for public officials. Administrative corruption ranges from paying bribes to traffic police to avoid a traffic violation fine, or bribes paid to expedite an administrative bureaucratic process, to paying a judge for issuing a favourable decision or payment for securing placement in an academic institution, etc (Liebert et al. 2013).

Overall, there is a need for most, if not all, of these countries to confront the issue of corruption aggressively, because persistent and pervasive corruption has also led to dampening their progress towards establishing the rule of law and equal access to justice and thus lowering their democratic governance standards. In tackling this challenge, many countries have introduced various anti-corruption measures ranging from specific anti-corruption laws to anti-corruption strategies and actions plans, and Codes of Ethics for their civil servants. Key measures to fight corruption include reducing opportunities for corruption occurrence through optimisation and simplification of administrative procedures, and through increasing transparency in public procurement and state capital investments. In this respect, although most countries have introduced integrity-based ethics systems and other anti-corruption measures, they still need to supplement them with professional socialisation measures—reinforced by incentives for good behaviour—and policies further enhancing meritocracy and transparency, as well as adopt international standards in combatting bribery and the flow of illegal funds (OECD 2020).

The experience of the Republic of Georgia shows that corruption can be significantly reduced in a relatively short period of time. The success of the anti-corruption efforts in Georgia demonstrates the steps that should be followed: Clear and strictly enforced policy of zero tolerance towards corrupt practices, severe disciplinary sanctions imposed on offenders, including imprisonment and confiscation of ill-gains, recruitment of qualified and motivated personnel who are adequately paid, and introduction of audit mechanisms to monitor ethical behaviour among public servants (ACSH 2015) (Table 1.1).

Furthermore, several countries introduced measures to improve public service delivery that included one-stop-shops—walk-in government offices, where residents may receive multiple public services—and an increased provision of public services digitally. Good examples of the one-stop-shop-based provision of public services—physically and virtually—are “ASAN” in Azerbaijan, “Public Service Halls” in Georgia, and

Table 1.1 E-government ranking and indices for the post-Soviet republics (2020)

Country	*E-government rank*	*E-government index*	*Online service index*	*E-participation index*
Estonia	3	0.95	0.99	1.00
Lithuania	20	0.87	0.85	0.74
Kazakhstan	29	0.84	0.92	0.88
Russian Federation	36	0.82	0.82	0.87
Belarus	40	0.81	0.71	0.75
Latvia	49	0.78	0.58	0.58
Georgia	65	0.72	0.59	0.64
Armenia	68	0.71	0.70	0.75
Ukraine	69	0.71	0.68	0.81
Azerbaijan	70	0.71	0.71	0.69
Moldova	79	0.69	0.75	0.76
Kyrgyzstan	83	0.67	0.65	0.71
Uzbekistan	87	0.67	0.78	0.81
Tajikistan	133	0.46	0.32	0.35
Turkmenistan	158	0.40	0.18	0.20

Source https://publicadministration.un.org/egovkb/en-us/Data-Center

"Corporation for Citizens" in Kazakhstan. Good example of digital provision of public services is the Estonian e-government system that provides over 99 per cent of public services online, although many other countries in the region have also made strides in this field; especially lately, as implementation of e-government initiatives has accelerated because of the recent COVID-19-induced pandemic. In this context, Estonia, Kazakhstan, and Lithuania have made remarkable progress in providing public services through digital channels, placing them at the top three positions among the remaining 12 post-Soviet republics in the e-government and the online service indices, respectively (UNDESA 2020). Such initiatives have also, in retrospect, contributed to reducing administrative corruption in these countries.

In sum, it seems that many of the fifteen post-Soviet countries have achieved notable results in renewing their governance structures in the past 30 years or so. Many may serve as models to their peers in the region and beyond in specific aspects of their governance and public administration development. Estonia, for example, is often cited as a case

study in governance. Georgia is perceived as a model of a country, which managed to significantly reduce corruption in the public sector, while Azerbaijan and Kazakhstan have created efficient one-stop-shop models of government service delivery, which are currently transformed to digital platforms of service delivery, as the next step in their advancement, a move accelerated by the effects of the COVID-19 pandemic.

This section concludes by noting a paradox that exists in some post-Soviet republics with respect to their transformation over the past 30 years. Although some countries have managed to make significant progress in certain areas of public administration reform and economic liberalisation, they have not managed to adequately advance governance norms in other areas, i.e. establishing pluralistic political systems and market economies driven by the private sector. This condition is corroborated by the scores some countries have achieved on various international indices, where they display remarkable performance in areas such as e-government, administrative and regulatory simplification, public service delivery, etc. At the same time, however, they seem to lag considerably in other areas of governance, i.e. establishing governance systems that are more transparent, more representative, and more accountable to their citizens. Good examples are Azerbaijan, Belarus, Kazakhstan, and the Russian Federation. This contradiction is illustrated through these countries' remarkable performance on the regularity quality, ease-of-doing business, and e-government indices, in contrast with their poor performance on the government effectiveness, rule of law, and corruption indices.

On another note, it is worth looking at the relationships between public administration and civil service transformation in conjunction with the sustainable development goals, and in particular with Goal 16; a Goal that underpins and conditions all other sustainable development goals.[17] Goal 16 calls for building effective, accountable, and inclusive institutions at all levels. Thus, in achieving its objectives, government organisations must play their part, both adequately and correctly. This means that sound

[17] Almost all 17 SDGs, 169 proposed Targets and 231 recommended Indicators rely directly or indirectly on public officials for their implementation. This task includes not only prioritisation of the SDG targets and indicators but also their interpretation, given that some targets are expressed in vague, qualitative language rather than being clearly measurable and time bound. Thus, this task requires a "whole of government" effort to link different goals together and overcome such trade-offs as between overcoming poverty and environmental stability (Conceicao 2019: 48).

institutional frameworks are in place and organisational structures are duly equipped and tasked to act on behalf of the state, and to discharge their functions that are required of them under the rule of law and due process (Kim 2019). It also means that effective institutions engage personnel, who possess multi-variate competencies, integrity, commitment, proactivity, professionalism, and dedication to serve the common good, while effectively confronting the wicked problems of our times.

In general, experience to date shows that there are some key common elements for building effective governance. First and foremost, political will and then appropriate reform design and sequencing, effective implementation, expertise to implement the reforms, and an educated labour force with the appropriate human capital skills. In contrast, factors that impede the modernisation of public administration and the professionalisation of the civil service include: the desire of political elites to preserve the status quo, lack of political will, insufficient time given for reforms to show substantive and tangible results, and the existence of authoritarian regimes—in some of these countries—that prize loyalty to a specific leader or political party over equitable and sustainable prosperity for all.

Overall, one issue is certain. Reforms have not managed to make public administration more strategic and agile while addressing complex socio-economic issues and adjusting to a constantly changing policy environment. For instance, the outbreak of the recent pandemic has tested the capacities and the resilience of the Public Administration in many of these fifteen countries, and others. It has also tested the levels of trust in government by the public at large. Trust in government is vital, especially in cases of crises that governments must make decisions fast—that may also be harsh in many cases—to cope effectively with such crises. Adequate levels of public trust in government will allow for more effective implementation of emergency policies. Research has shown that trust in government is highly dependent on the extent to which governments are competent, i.e. they deliver on promises and satisfy people's aspirations and are ethical, i.e. they do the right thing and work towards improving society.[18]

[18] Edelman Trust Barometer 2020; https://www.edelman.com/trustbarometer.

1.5 Public Service Reform

Governance and public administration systems cannot accomplish their mission based on legal frameworks, norms, rules, and regulations only. The degree to which they will accomplish their mission also depends on the human resource management systems in place—alongside political will for reform—as these determine the level of professionalism of public servants, and whether they possess the appropriate skills and competencies, as well as integrity and honesty in dispensing their functions while responding to citizens' needs and expectations.

In this context, human resource policy components become important factors in striving to attain an accountable, efficient, transparent, and professional public administration and an ethical civil service. Therefore, public service transformation and how it is manifested through multiple components of the human resource management function, e.g. selection, recruitment, employment, evaluation, career development, etc, is examined in the fifteen post-Soviet independent states. In doing this, note is also taken of factors that have facilitated or impeded public service transformation across these countries (Baimenov and Liverakos 2019).

It is safe to assume that all fifteen countries inherited a public service system characterised by loyalty to a political party instead to public interest, hence a highly politicised system as all public employees were party members. Favouritism and nepotism in appointments and promotion was the norm, operating in an opaque environment in which accountability was not clearly and specifically addressed and legislation was implemented selectively. This body of public employees formed the so-called *nomenklatura* that comprised individuals who occupied influential posts in government and industry as party appointees and they enjoyed a series of privileges that the rest of the population did not.[19]

[19] *Nomenklatura*, at first, meant a list of key jobs in party and state administrations to be filled by politically reliable and professional competent personnel. But the term eventually was used to denote the whole, even more complicated set of procedures of selecting personnel for jobs of responsibility, from the highest to the lowest in all the administrations. Administered by Party and government officials at the various levels of the Soviet political system, the *nomenklatura* system was supposed to ensure high and uniform standards in the selection, placement, transfer, and promotion of key officials, both inside and outside the Party. Thus, in theory, the institution of the *nomenklatura* served as an instrument for the operation of a merit system and the application of rational criteria in the evaluation of qualifications and performance (Theen 1985). The term became popular in Soviet studies in the early 1980s and it was used to denote both the set of procedures

Following independence, one of the tasks these countries focused on was overcoming this legacy of party-based and highly politicised public administrations, which were discredited under the emerging new regimes. In fact, the transformation of the public service was acknowledged to be a crucial element of the transition process. Thus, the countries' reform agendas for the civil service incorporated measures aimed at streamlining its institutional role, enhancing its accountability and efficiency, transparency, and responsiveness, as well as enforcing its political neutrality and adherence to the rule of law. To this end, many of these countries initially enacted legislation that defined the public service and set the stage for creating a professional and appropriately qualified and skilled civil service corps.

By 1999, eleven of these countries had introduced civil service laws. These laws were perceived as the instruments to introduce substantial changes in the relation between the state and society and as a tool for creating a modern civil service that would be characterised by political neutrality, accountability, and professionalism. They all defined the public service and delineated the relationship between the state and public servants, including the rights and responsibilities of civil servants and their legal protection from unfair dismissal. They also prescribed the procedures and practices of the human resource management systems, including competitive examinations, meritocratic selection, and regular performance appraisals. In most cases, these laws envisioned the formation of corps of professional civil servants that would be politically neutral, efficient, open, and flexible, as well as ensure continuity in the performance of state functions and the provision of high quality of public services (Fig. 1.16).

Some countries were early starters, e.g. Ukraine in 1993 and Latvia in 1994, followed by Armenia, Kazakhstan, and Lithuania that enacted their civil service laws in 1995. Then, Estonia, Kyrgyzstan, and Moldova in 1996, Georgia in 1997, Azerbaijan in 1998, and Tajikistan in 1999. The remaining four adopted legislation pertaining to their civil services organisation and management much later. For instance, Belarus and the Russian Federation did not enact their civil service laws until 2003, and

the ruling party developed to conduct its staffing policies, and the cohort itself of public officials who, having been selected through these procedures, coalesced into the Soviet Union's "ruling class" (Lewin 2003; Voslensky 1984).

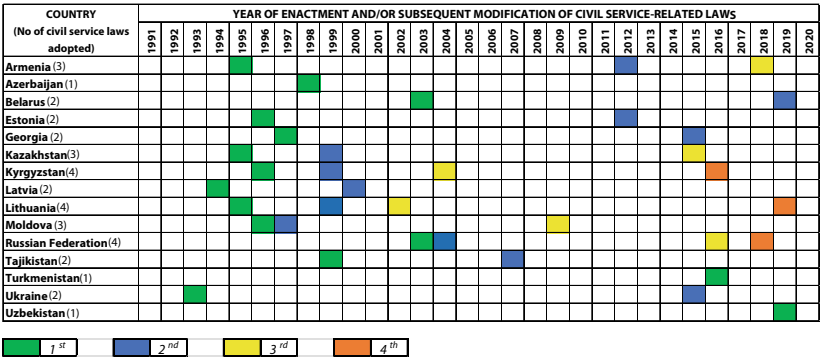


Fig. 1.16 Civil service laws' enactment timeline in the 15 post-Soviet republics

the remaining two countries a decade or so later, i.e. Turkmenistan in 2016, and Uzbekistan in 2019.[20]

It should be noted that civil service-related legislation developed and enacted in the early years of independence was based on a limited know-how of modern public service systems. Hence experience and lessons learnt were sought from other countries, predominantly from the West, but also from countries like Singapore and Korea—the latter appealing mostly to the Central Asian republics. However, the end result were laws that were adapted to local setting as they were guided by country-specific characteristics and culture, as well as by the countries' vision on the role of the state and the models of governance they opted for. In some of these countries, the proximity to the European Union—and their likelihood of membership or association—was also a decisive factor (Verheijen and Rabrenovic 2015).

Several of these laws were motivated by the New Public Management doctrine, as they adopted many NPM-based ideas. Good examples of this tendency were Estonia, Latvia, Lithuania, and Kazakhstan, who delineated an initial framework of a position-based civil service system. Estonia advanced this system further, especially with the passage of the

[20] In most cases, this initial legislation failed to achieve its intended purpose, i.e. to develop a uniform, professional and autonomous public service, leading to subsequent amendments of the legislation at least once or more times.

second civil service law in 2012, which equated the conditions of employment in its public sector with those in the private sector (ACSH 2016). Conversely, Latvia and Lithuania advanced their systems resembling a mix between position- and career-based systems and Kazakhstan by reverting to a more career-based oriented, but still a mixed, civil service system recently (2015).

Have these laws and their subsequent amendments been effective in transforming the public service systems of these nations? One way to evaluate their effectiveness is to examine the extent to which they adhere to internationally accepted standards of public service and thus provide a measure of civil service transformation that has taken place in these fifteen post-Soviet republics over time.[21] In other words, whether they define and enforce in practice meritocratic procedures and accountability mechanisms.

Generally, it seems that civil service legislation in most of the fifteen countries conform with these internationally acclaimed public service standards, at least in a declarative form. For instance, all civil service laws proclaim, in principle, that their civil services will be impartial, accountable, and transparent. Furthermore, most of the countries have established a specialised government entity for the coordination and management of civil service policy. They have also introduced an open competition system for entry into the civil service intended to ensure openness and equal access. Moreover, many have also introduced mandatory standardised written tests for all new entrants—except for those countries whose civil service is position-based. In addition, the civil service laws provide for the protection of civil servants, in most cases, from political and other forms of discretionary dismissals, thus ensuring stability and continuation of the civil service. With respect to training, almost

[21] These standards stem from the principles for public administration developed by the Organisation for Economic Development and Cooperation (OECD/SIGMA 1999; 2017). Although they were originally developed for assessing candidate countries wishing to join the European Union, they were later adopted for other potential candidate countries and for the European Neighbourhood Partnership (ENP) countries. The principles for public administration are a result of a broad consensus on key components of good governance, and they include the rule of law principles of reliability, predictability, accountability, and transparency, as well as technical and managerial competence, organisational capacity, and citizen participation. Over the course of time, these principles have been defined and refined through the jurisprudence of national courts and, subsequently, the jurisprudence of the European Court of Justice.

all countries have institutionalised training for strengthening the professional competencies of their civil servants and they have fairly transparent compensation systems in place, although with many exceptions and exclusions. However, what seems most difficult for many of these countries to achieve has been the establishment of fair and transparent performance evaluation systems for measuring the effectiveness of their civil servants.

Conversely, in practice, it seems that in plenty of cases the implementation of the laws' provisions that adhered to public service standards, has not been entirely successful, as political interference has disrupted the process on many occasions. For instance, efforts to depoliticise the civil service have not been very successful and in several cases have been reversed. This phenomenon may be attributed to some long-term effects of the common administrative legacy inherited from the Soviet era (Pedersen and Johannsen 2018). This situation also illustrates the difference between proclaimed intentions, prescribed in legal documents, and the actual outcomes achieved in practice; because during implementation, counteracting forces exert pressures to maintain the status quo or alter the nature of the reforms to their advantage (Baimenov 2020a). Thus, legal documents regulating—comprehensively in many instances—the civil service are not a sufficient condition for achieving the goals of civil service transformation. The existence of persistent and continuous political will is also necessary to pursue and follow through the proper implementation of prescribed changes in fulfilling the intentions of the law.

In many cases, civil service legislation provided for the establishment of dedicated government entities to coordinate policy formulation and oversee implementation of civil service reforms. In other cases, the law vested this responsibility to an existing government entity. Nine out of the fifteen post-Soviet republics established dedicated government organisations to formulate—or contribute to the formulation of—civil service-related policy and oversee its implementation, although two of them eventually abolished such entities and transferred the responsibility to the Prime Minister's Office.[22] In line with this practice, two more countries also vested this mandate to the Prime Minister's Office from

[22] (i) Armenia—Civil Service Council (abolished in 2018); (ii) Azerbaijan—State Examination Centre (previously the Civil Service Commission); (iii) Georgia—Civil Service Bureau; (iv) Kazakhstan—Agency for Civil Service Affairs; (v) Kyrgyzstan—State Personnel Service (previously the Agency on Civil Service Affairs); (vi) Latvia—State Civil Service

the start.[23] Another three countries assigned the responsibility to their presidential administration,[24] and one chose to decentralise and delegate such matters to each ministry and government organisation or agency, e.g. Estonia, although the Ministry of Finance remained the government entity ultimately responsible for overall public human resource management.

In this regard, it is worth contemplating whether the establishment of specialised organisations has played a role in the advancement of civil service transformation. In other words, has the existence of such organisations assisted and facilitated the process of transformation; and if yes, how? Furthermore, did the existence of dedicated organisations make a difference when compared to those countries that followed a different path? It seems that in countries with a presidential system of government, specialised organisations were a good fit in implementing civil service legislation, as they possess a strong institutional basis and the capacity to issue regulations with respect to the functioning and development of the civil service. Thus, specialised organisations, where they exist, have contributed to the transformation process, as practice has shown. In retrospect, it seems that the major factors that influenced the scope and pace of the transformation process have again been the existence of political will to push forward the prescribed reforms, along with the introduction of modern legislation emphasising the principle of meritocracy and the presence of a robust team of reformers.

The focus now shifts to the levels of professionalisation of civil services in the fifteen post-Soviet republics. The level of professionalisation, in this context, is understood as the degree to which their human resource management systems adhere to meritocratic principles throughout the process, e.g. selection and recruitment, promotion, career development, etc. For instance, the extent to which recruitment is based on a mandatory competitive process, or the extent to which promotions are based on performance and competencies' assessments. Furthermore, whether career development is an integral part of the human resource management

Administration; (vii) Tajikistan—Civil Service Council; (viii) Ukraine—National Agency on Civil Service; and (ix) Uzbekistan—Agency for Civil Service.

[23] (i) Armenia—Prime Minister's Office; (ii) Latvia—State Chancellery; (iii) Moldova—State Chancellery; and (iv) Lithuania—Ministry of Interior.

[24] (i) Belarus; (ii) Russian Federation (with the Civil Service Council as an advisory board under the president); and (iii) Turkmenistan.

function in the civil service and whether it is combined with specialised training for enhancing personnel quality.

Considering that these countries did not possess a tradition of merit-based civil service employment systems—while they were part of the Soviet Union—they had to first define how civil service positions may be filled legally and equitably. The ultimate intention was to place checks and balances on the employment process of civil servants, so that they form a distinct and unified corpus and be protected against capricious political action. What emerged depended on the model of civil service system these countries opted for. In career-based civil service systems, the emphasis was placed on relevant academic qualifications and independent knowledge testing; mostly legal knowledge. In position-based systems, the emphasis was placed on selecting the best-suited candidate for each position possessing the relevant academic qualifications, but most importantly the appropriate competencies, skills, and professional experience.

Conversely, in those countries with career-based systems, promotion is based on seniority and years of experience, although other qualities such as competencies and skills are beginning to be considered when civil servants are promoted. However, years of service remains the most significant determinant in promotion for most categories of civil servants. Performance appraisal results—where performance evaluation is practiced—and training do not usually influence promotion prospects in any decisive way, thus they are not considered as major determinants of career development paths in the civil service, in most cases (ACSH 2016).

Furthermore, it seems that the struggle between politicisation and meritocracy is still on-going as revealed through these countries' trajectories on public service transformation. In fact, politicisation of the civil service is still an issue in almost every country one way or another, as different strategies are employed, most often through structural politicisation. To counteract such tendencies, some countries legislated provisions that allow for a clear distinction between political and administrative civil servants. Some other countries introduced the executive secretary position in government organisations responsible for operational policy and personnel matters, e.g. Kazakhstan and Kyrgyzstan—although such a position was recently abolished in the case of Kazakhstan. This position constitutes the highest administrative civil service position in government organisations, which is apparently separated from political influence.

Moreover, it is worth noting that there is a growing recognition of the importance of human resource management in most of these countries. This tendency may be partly attributed to an environment of declining revenues and resources and with an increasing demand for state-provided services—quantitatively and qualitatively that can be provided efficiently and effectively by a competent corpus of civil servants, and partly to the need for civil services to become agile and competent for operating in a globalised world (ACSH 2016). In this respect, most countries begin to approach human resource management more strategically. Thus, they begin to raise the importance and role of human resource management entities in government organisations, which currently seem to play a variable but limited role in the planning and management of their human resources. Thus, it is imperative that human resource management entities should possess the organisational and human capacity to manage personnel policy in a comprehensive and professional manner, as well as be capable of defining training needs systematically for increasing the capacities of their civil service personnel to deal with an ever-increasing complex world. In this manner, human resource management entities will become strategic partners in civil service transformation.

In retrospect, the establishment of an efficient and accountable civil service based on the merit principle and corruption-free has turned to be a challenging and extremely complicated task in virtually all post-Soviet republics. In the case of most countries, although public administration and civil service reform was put high on the reform agenda, the reform processes have been slow, delayed, or frequently delivering other than the expected results. In some other cases, public administration and the civil service appear to have contributed a little towards the countries' overall transformation process.

Nonetheless, in most cases, undertaken reforms have taken root. This shift can be linked to the recognition that, as these countries embarked on economic liberalisation and privatisation, there was also a pressing need to define and establish a new public administration and civil service based on a new legislative framework, and new structures, to adhere to an emerging market-oriented environment. In sum, it seems that many of the post-Soviet republics have achieved a complete and irreversible break from the Soviet administrative system. A new civil service system has been established by the adoption and subsequent modification of civil service legislation, as well as by creating stand-alone organisations responsible for civil service management. Others are still in the process of defining the

nature of the employment contract between the civil servants and the state. And some others are still in between.

Overall, it seems that civil service reform and development is still an on-going process, as in several cases civil services fall short of being depoliticised and professional, and in other cases corruption is still at a critical level that needs to be curbed (OECD 2020: 18). In this context, developing evidence-based solutions through research would result in enhancing institutional and human resource capacity significantly that would, in turn, contribute to the pace, scope, and sustainability of reforms.

1.6 Conclusions

Over the past 30 years the fifteen post-Soviet republics underwent complex reforms, politically, economically, and socially, resulting in significant changes in the role of the state, although in varying degrees across countries. However, what is observed is an inverse correlation between the role of the state and reforms in the political and economic realms. The higher the role of the state, the lesser the transformation towards democratic governance and a market economy.[25] In this sense two distinct groupings of countries emerge. At one end, the Baltic States and Georgia, and at the other the remaining 11 post-Soviet republics, although quite a variation exists among them in their respective positions on the continuum of progress towards democratic governance and a market economy.

A common characteristic of all reforms across all countries is the non-linearity of the reform process, as stops and reversals took place during this arduous process, many times over. Some reforms were found to gain more traction on administration structures than others. Some reforms concentrated on some basic "must-do" reforms, and others were selected from an optional menu of "could-do" reforms. This is because, in many instances, circumstances dictated action and not pre-defined priorities, which is another characteristic of the reform process in these countries as the malleability of public institutions varied considerably across countries (Manning and Parison 2004). In the end, a crucial element that has played a major role for these outcomes is political dynamics that in some

[25] Although this is not always the case in other parts of the world; for example, the state-driven economy of Singapore.

cases they have driven effective reforms, and, in some others, they have inhibited progress in many reform initiatives.

Another element that has influenced the scope and pace of reforms has been the privatisation process of state property that took place in all the countries. During the process, various actors entered the economic field, who were associated with representatives of the ruling elites. These actors managed to exert considerable influence on ruling elites, which in many cases, resulted in slowing the reforms, and in some other cases, reverting them. Furthermore, during this process, the scale of corruption increased sharply as the symbiosis between the "winners" of privatisation and the political elites became a force that greatly influenced all aspects of political, social, economic, and administrative reforms. This phenomenon has frequently accounted for the inconsistency in reforms, episodic kickbacks, and deviation from declared goals (Baimenov 2020b).

This is evident for several of the post-Soviet republics, and it may be corroborated through their ratings on several international indices assessing a range of issues from the quality of governance and integrity of public service to economic development and efficiency of the state administration in providing public services. Four countries stand out as vivid examples of a situation where, they also score rather high in indices that measure economic development and efficiency of the administration in providing public services, but at the same time they also score considerably low in indices that measure government effectiveness, control of corruption, representativeness, and the rule of law—the essence of good governance. This is also evident through the level of people's trust in government; an issue that is not only present in the post-Soviet republics, but all over the world. The 2020 Edelman Trust Barometer indicates that governments are among the least trusted, as they lag considerably behind other institutions along the two central drivers of people's trust—competencies and ethics.[26] A way to remedy this situation is for governments to revitalise their roles as essential partners and act and communicate with more transparency and focus on how they can improve people's lives in tangible ways, and thus also fulfil the objectives of the Sustainable Development Goals.

[26] https://www.edelman.com/sites/g/files/aatuss191/files/2020-01/2020%20Edelman%20Trust%20Barometer%20Executive%20Summary_Single%20Spread%20without%20Crops.pdf.

Another characteristic of reforms is that there is no uniformity in the models of reform and development the countries have adhered to in their transformation efforts. Furthermore, among those reform initiatives that have been undertaken, it is still possible to observe a wide array of activities and degrees of speed and thoroughness in the governments' attempts to modernise their public administration and civil service systems. This is partly because transformation and modernisation are contingent and dependent on context. In this sense, country-specific historical and cultural characteristics and institutional features and administrative traditions, as well as their stage of overall development have influenced the course of reforms designed and implemented by individual governments. In turn, their choices have shaped the structure and functions of government and the degree of capacity of its administration to evolve, develop, and change over time. Thus, what has emerged three decades later is a constellation of different reform and development initiatives making rather difficult to account systematically for them. This can hardly be surprising as countries begin with different values and norms and face different contexts, risks, and challenges in the course of their development (Verheijen 2000; Toonen 1993).

In the end, however, some countries achieved their goal in establishing pluralistic governance systems, where in others substantial gaps exist between declarative intentions and actual outcomes achieved. This is an important distinction as the real success of the transformation process may be primarily measured by the degree of improvements in accountability, transparency, and integrity of the public service, and civil participation in governance.

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CHAPTER 2

Public Service Reform in the Republic of Armenia: Challenges and Lessons Learnt

Manvel Badalyan

To all my readers and peers

2.1 Overview

The Republic of Armenia is situated in Western Asia occupying the north-eastern part of the Armenian plateau—between the Caucasus and Nearest Asia (the inter-river territory between the middle flows of the rivers Kur and Araks).[1] The country covers an area of 29,743 km^2 and it borders Georgia to the north, Azerbaijan to the east, Turkey to the west and

[1] The average altitude of the country's territory is 1,800 m above the sea level (76.5 per cent of country's territory has altitudes of 1,000–2,500 m above sea level). The country's highest peak is Mount Aragats (4,090 m), while the lowest point is the River Debet (375 m). The climate is dry and arid.

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south-west, and Iran to the south.[2] The country's population is largely homogenous, with Armenians forming the majority.[3]

The Armenian people, whose history traces back many thousands of years, have always striven for their freedom and independence, have seen victories and defeats, and have had achievements and failures. Armenia, having lost its independence for well over five centuries, proclaimed its Independence on 28 May 1918, as the First Republic of Armenia. Independence, however, lasted for a short period of time, as the Soviet Army and the Bolsheviks took over Armenia, and the country was proclaimed the Soviet Socialist Republic on 29 November 1920.

Exactly 70 years after having been part of the Soviet Union, the Supreme Council of the Armenian Soviet Socialist Republic (Armenian SSR) adopted the Declaration of Independence of Armenia on 23 August 1990. The Armenian SSR was renamed the Republic of Armenia. In the meantime, Parliament passed a decision to hold a referendum on 21 September 1991 to secede from the USSR and to declare independence. Almost 95 per cent of the country's population voted "yes" giving its backing to independence. Thus, the Third Republic of Armenia was established, which was then able to take its first steps in transforming the country's political and economic system, albeit under very harsh conditions.

2.2 Introduction

At the time Armenia declared its independence it faced serious challenges, while its political and economic system was virtually paralysed. The conflict between Armenians and Azeris over the issue of Artsakh (Nagorno-Karabakh) had already started, leaving behind hundreds of thousands of refugees on both sides. The infrastructure anchored to the Soviet-type planned economy was destroyed and the country faced an acute energy crisis. At the same time, the country was still dealing with the devastating effects of the December 1988 earthquake in the city of Spitak that killed 25,000 people and left another 530,000 homeless.

[2] The President of the Republic of Armenia. "General Information on the Republic of Armenia"; http://www.president.am/en/general-information/.

[3] Total population: 2,973,000 (2011 census); composition: 98.1 per cent Armenians; 1.9 per cent Assyrians, Georgians, Greeks, Jews, Kurds, Russian, Ukrainians, Yazidis, etc.

The Soviet legacy of over 70 years characterised by its planned economy and its one-party governance system, had caused serious damage to Armenia, as it also did in the other post-Soviet republics. New institutions needed to be established, as the existing and old-fashioned ones were no longer viable in view of the new reality. Under these circumstances, the development of a new model of institutions including those of public administration was inevitable. However, this was a complex new experience and therefore unfamiliar to most, if not all the people, in the country.

It also became vital to re-evaluate the prevalent political, economic, social, cultural, spiritual, and psychological situation in the country, in order to understand the nature and rationale, as well as the foundations of the new state. This has proven to be a difficult task, as society at large was not ready to adapt to a democratic and legal system of governance and a free market economy, often acting inertly towards the process of transformation. Nonetheless, the leadership of the state assumed a transformational role introducing fundamental and systemic changes in the political, economic, and social life of the country. The new cornerstones for the organisation of the state were laid: a multiparty political system and a free market economy.

One of the first priorities was to lay the foundations for rationalising the enormous legislative and legal framework. In particular, the adoption of a new fundamental law, the country's Constitution. The Constitution was meant to guarantee the basic human rights of the population and to establish state institutions in accordance with the democratic principles and the rule of law.[4] It was adopted through another nationwide referendum held on 5 July 1995. The Constitution defined the nature of the Republic of Armenia as a sovereign, democratic, social state governed by the rule of law.[5] It also declared the basic rights and freedoms of its citizens as human beings, and it established a form of government based on the principle of separation of powers among the executive, legislative, and judicial branches of government. As a result, a semi-presidential system of

[4] The following statement is enshrined in Article 3 of the Constitution of the Republic of Armenia, "The human being shall be the highest value in the Republic of Armenia". The respect for and protection of the basic rights and freedoms of the human being and the citizen is the responsibility of the state power.

[5] The Constitution adopted in 1995 declared that "the Republic of Armenia is a sovereign, democratic state based on social justice and the rule of law" (Article 1).

government was established, whereby the President of the Republic exercised wide powers as the head of state; and the Parliament the power to legislate.[6]

Another key priority was to ensure the transition from a one-party state with a planned economy to a multiparty democratic system governed by the rule of law and a free market-based economic system. And this ought to be done while the old system had collapsed and with no other political and economic system in place. Furthermore, it ought to be done with few individuals possessing any public administration or management experience to develop a completely new model of public administration that would be capable of contributing to the sustainable development of Armenia, and a nascent civil society.

The key objectives for the reform and development of the public administration were to: [i] improve the quality of, and accessibility to, services provided by public administration organisations; [ii] ensure the openness and transparency of public administration institutions; [iii] promote efficient administration and administrative decentralisation; [iv] improve management models and mechanisms; [v] enhance the accountability, transparency, and responsibility of the public [civil] service; and [vi] ensure the involvement of civil society in the process of policy development and implementation.

In this context, it is no secret that the previously practiced, largely unregulated personnel policy in public administration led to a multitude of malpractices that eventually had become the norm. To name, but a few, lack of regulatory and legal framework for entering the public service system and its instability, as well as widespread nepotism, favouritism, and other such practices. Eradication of these phenomena was to become a key priority for reformers and a target for the new public administration system. Starting as early as in the mid-1990s, the Government of Armenia focused on developing legislation to govern public administration in the country, leading to adoption of numerous laws between 2002 and 2011

[6] The members of this Parliament were elected through the 1990 parliamentary elections. The Parliament composed of former communist functionaries and representatives of the "Armenian National Movement" party—a party founded as a result of a nationwide grassroots movement dating back to 1988.

encompassing a wide range of issues with respect to the public service organisation and staffing.[7]

2.3 Political, Economic, and Social Context

The 1995 Constitution may be characterised as a "power-centred" Constitution. The Presidency dominated all branches of government. The principle of separation of powers was only a formality, as the Constitution assigned a central role to the President, placing him to the centre of power and subordinating the executive, legislative, and judicial powers to his institution. For instance, the President appointed and dismissed the Prime Minister at his discretion, chaired Government Sessions, and ratified Government Decrees. Furthermore, he could dissolve the National Assembly (Parliament) with hardly any restrictions. Moreover, as guarantor of justice, the President headed the Justice Council and was entitled to propose candidates for judgeship positions, as well as he was empowered to appoint and dismiss the Prosecutor General.

Under such a system, it was next to impossible to observe the democratic governance and the rule of law principles provided for by the same Constitution. However, considering the level of the prevalent legal and political culture in the newly independent Armenia, this situation was to be expected. Consequently, the need for constitutional amendments became a prominent issue merely a few years after its adoption. Thus, amendments were introduced in 2005 that were an important step forward in empowering parliamentarism and enhancing the basic rights of citizens. However, these amendments failed to fully establish an accountable government. They restricted the powers of the Presidency by delegating more power to the Parliament, nonetheless, retained a "semi-presidential" form of government, which in practice was still a "super-powered" presidential system.

Thus, one may claim that democracy is still weak and lacks a solid foundation in Armenia, and human rights are not reliably protected, over a quarter century after independence. Furthermore, there is no efficient

[7] On: "Civil Service" (2001), "Remuneration of Civil Servants" (2002), "Diplomatic Service" (2001), "State Administration Institution" (2001), "Tax Service" (2003), "Customs Service" (2003), "Police Service" (2002), "Military Service" (2002), "National Security Service" (2003), "Community Service" (2004), "Rescue Service" (2005), "Penitentiary Service" (2005), "Judicial Service" (2006) and "Public Service" (2011).

public administration yet in place and no political institutions are established. Moreover, the courts are not yet independent, and they are often criticised for making unfair rulings. Such key problems in the country were primarily due to imperfect and often conflicting or contradictory constitutional provisions, which when reflected in legislation and integrated into law enforcement practices caused multiple legal, political, economic, and social problems, which in turn generated profound public discontent.

A Specialised Commission for Constitutional Amendments under the Presidency decided that a feasible solution to the most pressing problems, under the existing political and legal framework, would be the transition to a parliamentary form of government.[8] These Amendments envisaged a parliamentary system attributing a key role to the National Assembly in shaping and expressing the political will of the society. Following a referendum on 6 December 2015, the Republic of Armenia shifted to a parliamentary form of government, which brought about numerous institutional changes, employing solutions that were new and often not sufficiently clear or reasonable and fundamentally different (discussed in detail later).

Changes in the system of governance were supposed to lead to significant changes in the structure of public administration. In fact, the innovations introduced into the system of government administration and the public (civil) service were substantial and tangible. However, while switching from a Soviet-type state administration to a Weberian system of public administration, and at the same time attempting a transition from a planned to a marker-based economy, the reforms did not always meet society's fast-growing and rising expectations, not only in terms of speed and pace, but also in content. Getting rid of the old system of a centralised administration was not an easy or straightforward endeavour. In addition, key issues pertaining to poverty reduction and prevention and the fight against corruption still remain on the agenda. Business is not fully separated from—and is still mixed with politics. Monopoly powers, favouritism, and nepotism are still very apparent in the Armenian political economy. This is a challenging state of affairs for any country, and it entails considerable risks and thus it needs to be urgently tackled.

[8] Established on 4 September 2013 by Presidential Decree.

It is recognised nowadays that there is an urgent need for an optimal compromise that would equally ensure the interests of the individual and the state, while also making sure that neither side suffers any losses. The importance of this statement is accounted for by the fact that the proper functioning and the welfare of a society largely depends on the effective implementation of such policies, as well as on the balance between the public and the individual, and respectively, the generic and the specific. However, one may wonder what is the right balance between the interests of the individual and those of the state to ensure political, economic, and social equilibrium? At what level, the balance can be claimed as reasonable? Where is the dividing line? This was the key question to which independent Armenia had to find a solution, already freed from the burden of its former political and administrative regime and its planned economic system.

To help the reader form a better understanding of the state of the political economy in Armenia, progress over the past thirty years or so is illustrated using some widely accepted indices intended to measure among other: human development progress, ease of doing business, as well as perceptions on levels of corruption in a country (Fig. 2.1).

The data indicate that the HDI scores for the country are steadily increasing from 1992 onwards, when the HDI fell at its lowest value to date. This constant increase in the index value denotes that the country's

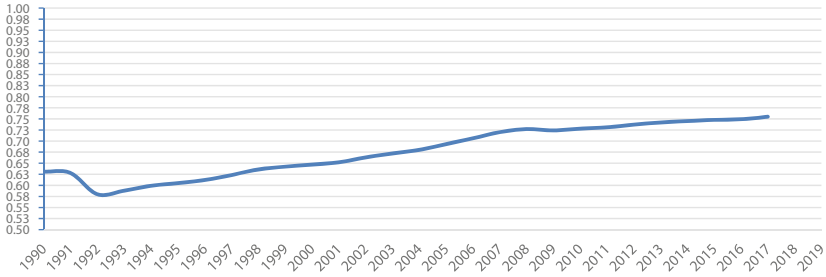


Fig. 2.1 Human Development Index (HDI) 1990–2019 (*Source* http://hdr.undp.org/)

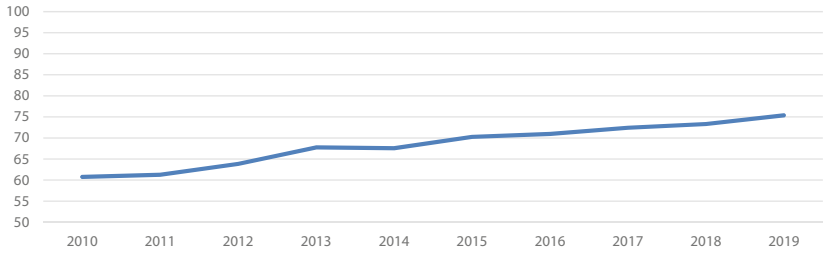


Fig. 2.2 Ease-of-doing business Index 2010–2019 (*Source* https://www.doingbusiness.org/en/rankings)

policies have contributed to ensuring long and healthy lives for its citizens and a decent standard of living, as well as in improving the level of education of its population.[9]

Similarly, the ease of doing business index scores have also been steadily improving from 2010 to date (Fig. 2.2).[10] This practically means that the country's regulatory environment in the economic domain has improved over time. It is also indicative that relevant policies implemented have been moving in the right direction for establishing an efficient market-based economic system.

On the corruption perception index Armenia scores are on the lower side, although the situation has improved somewhat between 2012 and 2019 (Fig. 2.3). However, there is still a need to focus on developing policies and practices that would improve the situation further.

This section closes with the presentation of the republican budget distribution by sector for the past sixteen years in order to provide a broader picture of the dynamics pertaining to state budget allocations to these policy sectors (Table 2.1). In 2018, 27.8 per cent was devoted to social security and social protection, 8.7 per cent to education, 5.7 per cent to healthcare, 1.8 per cent to culture, sports, and recreation, and

[9] It should be highlighted, however, that the HDI captures only part of what human development entails. It does not reflect on inequalities, poverty, human security, empowerment, etc, thus, it should be considered along such indicators, in order to form a more accurate picture overall.

[10] 2010 was the first year that relevant data became available for Armenia.

0.8 per cent to environmental protection. In fact, almost 45 per cent of the total republican budget was devoted to these policy areas in 2018. Notably, one policy area that has had its allocations triple between 2002 and 2018 is that of social protection rising from 10.5 per cent to 27.8 per cent of the total budgetary allocations.

2.4 Public Service Evolution

Over the past two decades or so, public administration reforms were implemented, while changes were also taking place in the political system of the country. This required the existence of a state administration system that could fit well into the new political and economic reality emerging in the country. Therefore, one of the initial and important measures taken for developing a viable and effective public administration was the establishment of the Public Sector Reform Commission.[12] The Commission had a clearly defined and well-developed Action Plan to follow for developing the structure and organisation of government institutions and for devising the necessary legal framework, as well as for improving public service delivery. Work of an immense scale was undertaken by the Commission on modernising the organisational structure of public

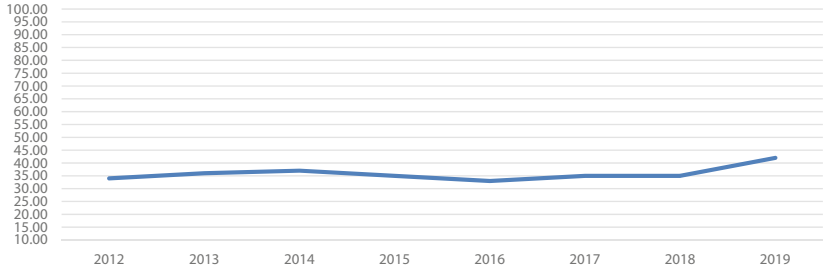


Fig. 2.3 Corruption Perception Index (CPI) 1991–2019[11] (*Source* https://www.transparency.org/cpi2018)

[11] Data are limited to the period 2012–2019, as 2012 was the first year that utilised a new, more comprehensive methodology to measure perceptions of corruption in the countries around the world.

[12] By Decision of the Prime Minister (№ 544, 3.09.1999), following a Decree "On Major Activities for the Reform of the Public Administration System of the Republic of Armenia".

Table 2.1 State budget allocations by policy sector in the Republic of Armenia (per cent of total)

Year	*Sector*				
	Education	*Healthcare*	*Culture and sports*	*Social protection*	*Environmental protection*
2002	11.5	6.2	2.5	10.5	0.3
2003	10.4	6.3	4.5	9.2	0.3
2004	12.2	7.1	2.9	11.2	0.3
2005	15.6	8.2	2.7	11.8	0.4
2006	17.1	8.2	2.8	11.6	0.4
2007	16.4	8.5	2.8	11.5	0.4
2008	12.6	6.6	1.9	26.6	0.5
2009	13.4	7.0	2.1	26.7	0.7
2010	10.7	5.9	1.7	26.1	0.6
2011	10.8	6.2	1.8	27.2	0.9
2012	10.1	6.2	2.2	29.4	0.5
2013	9.4	6.2	1.6	26.4	0.5
2014	10.3	6.5	1.7	29.0	0.4
2015	9.6	6.4	2.1	29.9	0.4
2016	9.3	6.4	1.9	29.4	0.3
2017	9.4	6.3	1.9	30.0	0.7
2018	8.7	5.7	1.8	27.8	0.8

administration carrying out functional analyses of government organisations in order to get rid of practices—heavy and inert burdens—inherited from the rigid Soviet-style administration in place until then.

The Public Sector Reform Commission also focused on the introduction and establishment of an efficient and effective civil service system.[13] On 21 June 2000, a draft Law "On the Civil Service" was submitted to the National Assembly. However, as submission of the draft law took place

[13] The Public Sector Reform Commission and its Working Groups were supported by Public Administration International (PAI) and the United Kingdom Department for International Development (DFID). Within the framework of the EU "TACIS" Programme, the "PLS Ramboll Management" company with a team of leading experts provided technical assistance with the reform of civil service in regional and local self-government administrations. Upon completion of its mission and, the much appreciated support to the reform agenda for almost a year and a half, this company donated all the property that had used during the project implementation, as well as all technical assistance related documentation to the newly established Civil Service Councill of the Republic of Armenia in 2002.

at a time that was thorny, the process did not run smoothly. The Law was rejected twice by the National Assembly. This failure to adopt this Law was due to intensive lobbying and other associated activities of certain representatives of the Government Executive that caused Parliament to reject the draft Law, despite the fact that it had undergone serious expert scrutiny and it was endorsed by the Venice Commission of the Council of Europe.[14] Eventually, on 4 December 2001, the National Assembly adopted the Law "On Civil Service". A significant role in passing the Law was attributed to the then President of the Republic of Armenia Robert Kocharyan, who displayed strong political will and consistency.

Following the adoption of the Law "On Civil Service", the Civil Service Council of the Republic of Armenia was approved by Presidential Decree on 15 January 2002. The Civil Service Council—an organisation responsible for the civil service management—was an independent government body, not accountable to the Executive. The Council was endowed with powers to adopt around 30 bylaws on the management and organisation of the civil service. This was a notable task considering the weighty circumstances under which the bylaws were introduced in establishing a system, which was new, sophisticated, and unfamiliar to society and to bureaucrats; a system that contradicted the well-rooted traditions. It is my belief that this was a major step forward. The state civil service that was poorly regulated and where favouritism and nepotism played a significant role was to be replaced by a professional, merit-based civil service system, and independent from the changes taking place in the political arena. This is progress.

2.5 Civil Service Reform

According to the Constitution public administration institutions are divided into republican, regional, and local self-government administration. As of 2017, there are 247,600 public employees, serving in the general administration, education, health care, and social protection sectors, constituting 24.5 per cent of the country's employed population. In 2018, 107,000 were male (43.4 per cent), while 140,200 were female (56.6 per cent) (Figs. 2.4 and 2.5).[15]

[14] This is the opinion of the author, in his capacity as an author and Member of the National Assembly at the time.

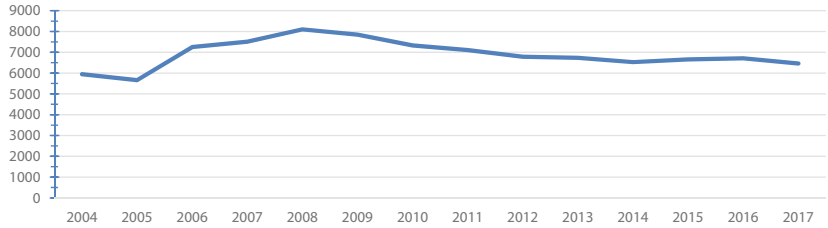


Fig. 2.4 Number of civil servants in Armenia (2004–2017) (*Source* Civil Service Council (2018))

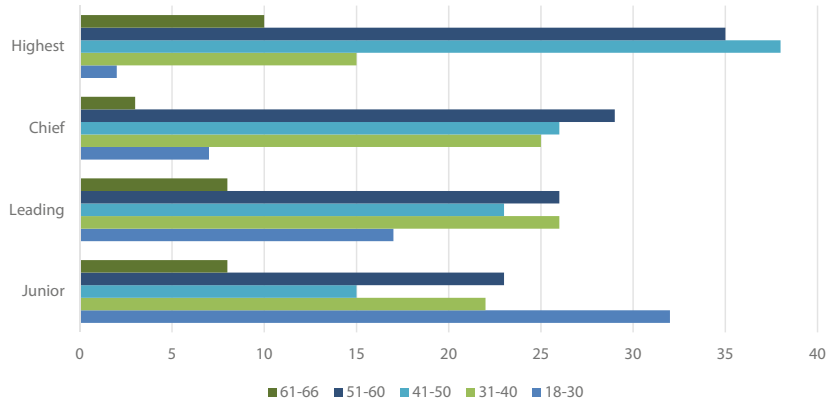


Fig. 2.5 Age distribution of civil servants by position groups (per cent) (*Source* Civil Service Council (2018))

Prior to adopting the new Law "On Civil Service" in March 2018, the Public Service had been highly fragmented. Civil service positions were about 7,500 and the remainder were classified as separate services, which included special services as defence, police, national security, tax and customs service, penitentiaries, compulsory enforcement service, National Assembly personnel service, as well as diplomatic, judiciary, and other services envisaged by law. The new Law stipulates a much wider scope of

[15] Statistical Committee of the Republic of Armenia. "Armenia in Figures, 2018"; https://www.armstat.am/en/?nid=82&id=2090.

civil service. Thus, a uniform approach is currently applied to the organisational and legislative framework for regulating the various categories of public service.[16]

In line with the new Law "On Civil Service", the scope of the civil service will be substantially widened to include the staff of the following government entities: Constitutional Court, Supreme Judicial Council, Judicial Department, Investigation Bodies, Human Rights Defender, Compulsory Enforcement Service, Penitentiary Service, and the Staff of the National Assembly. The process of developing and adopting bylaws and other legal instruments is currently underway to bring about these changes.[17]

Civil service reform in the Republic of Armenia can conditionally be subdivided into two stages. The first stage covered the period when respective laws and bylaws to establish and introduce the new civil service system were being developed and adopted. The key laws included the Law "On Civil Service", the Law "On Remuneration of Civil Servants", and the Law "On Public Administration Bodies". The second stage is conditionally split into the introduction, establishment, and development of the system. Given that the first stage has been covered in detail elsewhere, this section will focus on the processes initiated since the introduction of the new civil service. These processes are still underway and aim at continuous reforms to ensure the sustainable development of the system.

Following the adoption of the Law "On Civil Service" and the establishment of the Civil Service Council, a new stage in civil service development had begun, requiring a creative and proactive initiation of activities. It was important to find solutions that would ensure the full implementation and enaction of the Law's provisions. Consequently, most solutions and approaches developed and applied in practice were a novelty for the Armenian reality. Many of the procedures relating to competitions for filling civil service vacant positions, to training, to attestation, to service investigation and, to the content and description of functions

[16] Service personnel at the local government level is regulated by the Law "On Community Service", adopted in 2005.

[17] To ensure the implementation of the Law "On Civil Service" and the Law "On Remuneration of Civil Servants", over a dozen bylaws and other legal documents were developed and adopted, with the respective list being established by the Presidential Directives NK-N 1045 and NK-N 1158 (04.02.2002).

and responsibilities of civil service positions created precedents that spread across other areas of public administration.

Furthermore, several regulations were developed related, in particular, to the management and administration of the new civil service corpus, to merit-based recruitment, to promotion systems, to a rating system of performance, to classification and description of civil service positions, to the creation of a personnel reserve, to the spectrum and extent of rights and obligations of officials, as well as to issues pertaining to ethics rules, appeals system, remuneration and social security for civil servants. Moreover, an important step, in the implementation of civil service reform, was the reorganisation of the Public Administration School of the Republic of Armenia into the Public Administration Academy—a state non-profit organisation under the administration of the Civil Service Council.[18]

Nonetheless, civil service legislation is always in a state of flux and of constant and dynamic change. Today's fast-paced society and the associated time pressure force us to move ahead and be ready, and at the same time, to cope with challenges, and to meet the demands of citizens and society. In this context, it is next to impossible to utilise outdated tools for the solution of new problems. Likewise, it is impossible to comply with the expectations of contemporary society if the state administration is incompetent, underqualified, obsolete, or lacks dynamism. It is this approach, as well as the understanding of the need for constant change that has driven civil service development in the Republic of Armenia towards a constant implementation of reforms and continuous improvements.

Consequently, the Law "On Civil Service" has been amended and supplemented numerous times since its initial adoption. Life brings forward new problems requiring immediate solutions to fit the Zeitgeist—the time spirit. As a result, and during the recent past, regulations pertaining to recruitment, promotion, training, attestation, performance appraisal, e-government, as well as to other functions and procedures have undergone root and branch changes. To this end, extensive work has been carried out in collaboration with, and support by, SIGMA.[19] Starting from 2009 to 2010, major steps were taken for Armenian legislation to

[18] Government Decree № 338 (08.04.2002).

[19] SIGMA is joint initiative of the Organisation for Economic Cooperation and Development (OECD) and the European Union (EU); http://sigmaweb.eu.

comply with the European standards and principles of public administration. Years of expert support and guidance have resulted in resolving the issue of widening the scope of the civil service, which used to be very narrow and fragmented and has always been the "Achilles' heel" of Armenia's civil service system. The joint efforts, and the analyses and assessments by SIGMA helped to identify the weaknesses and strengths of the civil service, which resulted to the development of the "Civil Service Reform Strategy of the Republic of Armenia" and the "Action Plan for the Implementation of the Civil Service Reform Strategy of the Republic of Armenia".[20]

The integration of the Republic of Armenia into the framework of the European Neighbourhood Policy (ENP) and the Eastern Partnership has greatly enabled the improvement of the civil service legislation. The ENP Action Plan approved in November 2006 was the first step made towards the enaction of this process.[21] The implementation of the Action Plan and, in particular, the solutions to issues pertaining to the civil service therein, have significantly contributed to the harmonisation of the local legislation, legal norms and standards with those set by the European Union. In addition, the technical, methodological, and material support provided by other partner organisations has also contributed to the improvements of the civil service in Armenia.[22]

Civil service reform initiatives have been accompanied by large-scale and extensive digitalisation and adoption of e-government applications. For example, the development of over 300,000 questionnaires for legislation-related tests and interviews, that are being used for merit-based recruitment to fill civil service vacant positions; the implementation of the "Human Resource Management Information System" (HRMIS) across the civil service that has significantly contributed to modernising and developing the system; the continuous improvement of training modules

[20] Adopted by Protocol Decision № 57 of the Government of the Republic of Armenia (29.12.2015).

[21] https://library.euneighbours.eu/content/armenia-enpi-annual-action-programme-2007.

[22] Overall, an important contribution in the civil service reform implementation process is attributed to the European Union, the World Bank, USAID, UK DFID, UNDP, TACIS, OECD/SIGMA, Price Water House Cooper, and many more international organisations.

for civil servants; and the introduction of distance learning for undertaking training courses targeted at building the capacities of individuals employed in personnel management and development departments. On the other hand, however, the public service in Armenia still remains quite fragmented, as each separate sector service is governed by its distinct legislation and specific legal regulations. Given the important role the civil service plays as a "locomotive" for change, widening the scope of the civil service is an imperative for change.

In sum, the Law "On Civil Service" adopted in 2001 remained in force until 1 July 2018. The provisions of this Law were implemented quite efficiently, and they were regularly improved and enhanced, thus ensuring the irreversibility of the civil service transformation in the Republic of Armenia. However, the "Civil Service Reforms Strategy of the Republic of Armenia" of 2015 outlining the envisaged vectors for further changes pointed to the need for a new law on civil service. The need for drafting and adopting a new law had also, inter alia, been stipulated by the European Union–Armenia Multi Sector Budget Support Programme—MSBS (OECD 2012). According to the MSBS provisions, the civil service was determined to be one of the key support areas. Thus, a new Law "On Civil Service" was drafted and developed jointly with SIGMA and other experts and partners.[23] This task was coordinated by a Working Group (WG), of which the author of this chapter was a member of.[24] The new Law "On Civil Service" was adopted by the National Assembly on 23 March 2018. It envisaged the creation of a citizen-centred, professional, and merit-based civil service system compliant with the best international practices, up-to-date standards, and adhering to the European principles for public administration.

Undoubtedly, the current and former Laws "On Civil Service" have common features, however, they are also substantially different. For example, the current Law provides for considerable enlargement of the scope, in particular, and the decentralisation of a number of key functions.[25] The legislation has in fact attempted to provide grounds for

[23] The European Union Project "Support to Civil Service Reforms of the Republic of Armenia", the Eastern Partnership Public Administration Reform Panel (PAR), etc.

[24] Presidential Directive "On Establishing a Working Group to Ensure Public Service Reforms" (20.12.2016).

[25] It was deemed expedient to decentralise certain functions, previously quite centralised, that were managed and implemented by the Civil Service Council. These

and to enable the creation of a professional civil service in the Republic of Armenia, independent from political influence and irrespective of the change in the correlation of political forces. In this context, the Law "On Public Service" adopted in 2018, introduced different types of state positions, e.g. political, administrative, autonomous, and discretionary. Incumbents of political positions change when there is a change in the correlation of political forces. In the case of the administrative and discretionary positions incumbents may change, while those occupying autonomous positions are not affected by political change and they remain in such positions for a term of office and beyond.

The Armenian Civil Service may be classified as a position-based system, in which, however, length of service, tenure, and experience are of great importance. Prior to 1 July 2018 period, civil service positions were filled through internal competitions and only rarely through out-of-public-service competition procedures. The new Law now stipulates two ways of filling positions—internal and external. Applicants for internal competitions can be either public servants of the given institution/agency or civil servants registered in the civil service personnel reserve. In any recruitment, however, in line with the provisions of the new Law on Civil Service, a key role is attributed to civil service position "*passports*". The "passport" is a pivotal tool for measuring and assessing whether a candidate is fit for a given position. In other words, whether a candidate's educational qualifications and professional experience are compatible with the requirements of a vacant position.[26]

The new Law has also introduced an innovative approach with respect to classification of civil service positions. The previous system classified civil service positions into four groups: junior, leading, chief, and senior, and 11 respective subgroups. The new system splits civil service positions into two groups: managerial and specialist positions, and their respective subgroups. This approach leads to a fundamental change, conceptually and policy-wise, in recruitment, selection, remuneration, and training systems of civil servants. In addition, this methodology enables a clear differentiation and distinction between the prescribed competencies

relate chiefly to competitions for filling vacant positions, the organisation of training related procedures, service investigations and the performance of ethics commissions.

[26] Civil service position passports are approved by the Secretary General of a given state institution or agency. The previous Law had prescribed this function to the Civil Service Council.

and profession-related knowledge, while considering the nature and the peculiarities of a given position. Thus, it is a targeted approach.

This new classification has also brought about the need for a different assessment system of civil service positions. The system recently introduced by the Civil Service Office—the Civil Service Commission's successor in civil service affairs—involves rather cumbersome and time-consuming processes. It has also caused substantial discontent among experts, HRM specialists, and civil servants. Drawbacks of the new system that are pointed out include: vague methodology, lack of clarity of distinctness, and occasionally offering difficult to comprehend solutions; and when applied in practice, there is a high risk for subjectivity in the assessment of civil service positions.

Both the previous and the current Laws on Civil Service stress the key importance of factors related to corruption, ethics, and integrity. Hence, the position passport of each civil servant—in both the old and the new system—clearly prescribes the scope of civil servants' rights and duties, as well as a description of their functions. Issues pertaining to ethics rules of civil servants, incompatibility requirements, conflicts of interest, gifts, or other restrictions applied to public servants are subjected to scrutiny and service investigation by ethics commissions for civil servants. The new Law envisages a civil service position in charge of integrity in the Human Resources Management Department of each government institution or agency to coordinate the work on enhancing the legal literacy of civil servants with respect to ethical behaviour, as well providing consultancy on the subject matter. All these are measures targeted at the prevention of unethical practices. Another measure—an efficient tool among others for identifying and preventing corruption and conflicts of interest—is the "Property, Income and Conflict of Interest Declaration" submitted by all civil servants to the Anti-Corruption Council, on an annual basis.[27]

With reference to civil service recruitment and selection procedures, the importance of junior civil service positions is underscored, as entry into public service of a younger generation of individuals is viewed as a favourable opportunity to impart new vigour to the system and to engage goal-oriented and creative young people in civil service. In accordance with the provisions of the current Law, to fill the positions of the three lowest subgroups of civil service specialist positions, the Civil Service

[27] https://www.oecd.org/corruption/acn/49910824.pdf; https://rm.coe.int/16806db61a.

Office forms a pool of candidates by means of tests rating candidates on the so-called "live queuing" principle and by taking into account the requirements and criteria prescribed by the position passport. Tests are held at least twice per year.[28]

Maintaining an efficient and quality civil service presumes ongoing and sustainable training for the continuous development of civil servants. Over the past years, considerable efforts have been made to this end in the Republic of Armenia. Hence, a training strategy for civil servants was developed by the Civil Service Council—responsible for coordination and organisation of training prior to 1 July 2018—based on needs identification and assessment. However, the new Law partially decentralised this function—among others—delegating the power to the Civil Service Office to organise competency trainings, while specialist training was assigned to the state institutions or agencies themselves.

Training is provided to every civil servant according to an individual development plan based on a training needs assessment, which is derived from the annual performance appraisal of civil servants. In other words, the results of the performance appraisal serve as the basis for developing individual training plans. Overall, reform of the training system over the past years has resulted in providing targeted training specifically tailored to meet the needs of each civil servant using all available training resources with maximum efficiency. Nevertheless, for training to be fully effective, there is also a need to carry out performance appraisals and needs assessments through the utilisation of clearly developed mechanisms and methodologies, and not merely through formal or subjective in nature mechanisms, which is often the case nowadays, and thus raising various concerns.

Furthermore, the 2018 Law "On Civil Service" has introduced innovations with respect to the highest civil service positions. In contrast to other positions, the recruitment for the highest positions is regulated and administered centrally by the Civil Service Office of the Staff of the Prime Minister. In terms of their training and development, greater focus is laid on developing competences and managerial skills.

Unfortunately, it is to be noted that the civil service personnel management departments in Armenia have been unable to transform from the "soviet style personnel departments" into truly efficient human resources

[28] Law "About Civil Service" № ZR-205 (29.03.2018); https://cis-legislation.com/document.fwx?rgn=106724.

management units that would meet modern-day needs and requirements. The critical role and the importance of human resources management units in the civil service reform process is still not fully perceived nor recognised. This is due to either lack of capacity or lack of will. Nevertheless, given that great importance is attached to this issue, numerous training events, seminars, workshops, and study visits to partner countries have been organised for which international organisations have contributed greatly.

However, the level of human resource management remains poor, although admittedly some positive shifts have been observed over the years whatsoever. It is hoped that we will not have to wait long to witness achievements in this area given that certain functions to be fulfilled by and assigned to human resource management departments are stipulated by the current Law. These relate to civil service job evaluation and classification, recruitment, and selection, needs assessment and training, and organisation of ethics commissions. These issues are fundamental components of the new Law "On Civil Service" and are regulated by strong cause-and-effect links. This state of affairs gives good reason to believe that the civil service in Armenia will no longer tolerate Soviet-type personnel units.

When the Law "On Civil Service" of 2001 was adopted, it had introduced a concept and a logic of career development; which, regrettably, was not implemented. This concept assumed that in order to ensure progressive and sustainable career development for civil servants, the civil service system must be closed, that is entry into the system would be only through recruitment for junior positions, and vertical promotion would apply for all other positions. Despite the growing belief that the concept was reasonable and efficient, no measures were taken to that end, as political and party affiliation factors affected the decision-making process. Political appointees attempted to promote civil servants guided by the political affiliations of the latter, a problematic outcome, usually found in countries where the political and party systems are not well-established yet. Politicisation of the civil service contradicts the idea of an efficient and quality civil service, thus what needs to be put on the political agenda is the issue of prohibition, by law, of party affiliation of civil servants.

The staff turnover rate in the civil service of Armenia has remained low for many years, standing at approximately 12–14 per cent. However, party affiliation has had a negative impact on the staff turnover percentage. Conversely, this relative stability is determined not by the attractiveness

of the system but rather by the lack of alternative job opportunities, as the level of unemployment remains high in Armenia—17.8 per cent in 2017—and the average monthly salary for civil servants amounts to approximately USD 400, an amount which compares unfavourably to salaries in the private sector (Fig. 2.6).[29]

Moreover, it should be mentioned that there exists a serious gender imbalance among the highest level civil service positions group. Men occupy 85 per cent of such positions and the remaining 15 per cent are occupied by women, whereas, for the whole civil service system, the ratio is 47 per cent men and 53 per cent women (January 2019). Naturally, this imbalance is not accounted for by any discrimination prescribed by legislation; the reasons are simpler, they are hidden in a traditional and conservative mindset and practices (Fig. 2.7).[30]

The highest civil service position is the position of the Secretary General in state institutions and agencies. The new Civil Service Law has enlarged the scope of their jurisdiction and power in areas pertaining to recruitment, performance appraisal, approval of position passports, development of training programmes, application of disciplinary actions and provision of incentives, the appeals system, and service investigation.[31]

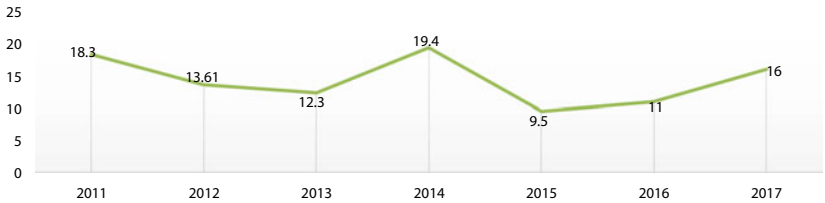


Fig. 2.6 Staff turnover rate in the civil service of Armenia (*Source* Civil Service Council (2018))

[29] Statistical Committee of the Republic of Armenia; www.armstat.am.

[30] It should be noted that this issue is not unique to Armenia, as it is also observed in most Western and EU member states.

[31] With respect to disciplinary measures and appeals, several options relating to different types of disciplinary measures, appeals, and service investigations were reviewed in collaboration with SIGMA experts. Citizens and civil servants are now granted the right to appeal for matters of disagreement on measures impacting them by law. Appeals may range from recruitment competition results, application of disciplinary sanctions, service investigation outcomes to performance appraisals results.

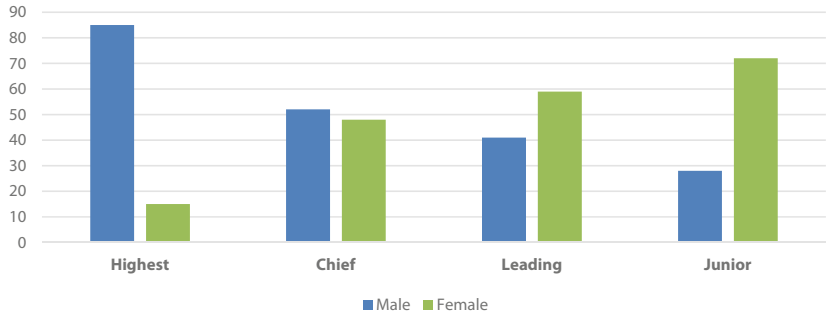


Fig. 2.7 Gender distribution by civil service position groups in Armenia (2018) (*Source* Civil Service Council (2018))

To sum up, a great many states have had to cope with various challenges and introduce innovations—which they still do today—in order to provide their societies with top quality public services. The same holds true for Armenia, as well as for all post-Soviet states. The newly independent state inherited numerous challenges after the collapse of the Soviet Union, e.g. the shift from a one-party to a multiparty political system, and from a command economy to a market-based economic system.

In public administration, the reforms implemented over the past twenty years or so were targeted at rethinking the values related to the role and importance of human resources and at developing a merit-based public service, striving for the establishment of a professional, competent, and citizen-centred civil service. Adoption of the Law on Civil Service is a positive step forward to this end.

2.6 Key Problems and Future Prospects/Conclusions

The Republic of Armenia shifted from a semi-presidential to a parliamentary form of government following the new Constitution adopted in 2015. This shift impacted substantially the overall process and the strategy for public administration and civil service reforms, and it led to significant restructuring of public administration institutions over the past decade. Given that the Constitution of 2015 was to enter into force at the end of the term of the President of the Republic of Armenia in April 2018, an

immense amount of legislative work had to be brought into line with the new Constitution *a priori*. Thus, developing numerous new draft legal acts, while following the new logic of public and civil service reforms became inevitable. However, the draft Laws were not sufficiently scrutinised by legal experts and thus they caused serious problems when applied due to "*force majeure*" situations. The hasty and untimely adoptions of the Law "On Public Service" and the Law "On Civil Service", in March 2018, were also determined by this very factor.

In 2018, following the adoption of the new Law "On Civil Service", the Civil Service Council of the Republic of Armenia was abolished. Established in 2002 by law, this independent state institution had overseen the organisation and coordination of the civil service ever since. Nowadays, part of its powers was delegated to the Civil Service Office of the Prime Minister's Staff. Furthermore, the key changes to the new civil service legislation included the enlargement of the scope of civil service, as well as the decentralisation of several functions, related in particular to recruitment and training.

From our standpoint, such substantial changes have both positive and negative elements. Without a doubt, the enlargement of the scope of the civil service is a positive step forward as it helps to reduce the fragmentation of the state service and ensure maximum uniformity within the civil service. Similarly, the decentralisation of recruitment to fill vacant civil service positions, training, integrity rules implementation, etc, by shifting responsibility down to government organisations has empowered them with decision-making powers, effectively shifting the centre of gravity.[32] On the other hand, despite such positive aspects and good intentions, challenges still exist that involve high probability risks for favouritism. Why? Because the party affiliation factor is still largely dominant in state service and a great importance is still attached to it.

As a result, the recruitment system is not fully functional, and it is not flawless with regard to selections processes and performance appraisal, as practices of nepotism are still in existence. Considering that "nepotism" is one of the serious challenges of all times and almost all societies, attempts were made to reduce human involvement to the minimum when developing the primary and secondary legislation for civil service, as well as

[32] The new legislation has also decentralised the procedures of appeals and service investigations; however, government institutions lack the capacities, in particular with respect to utilising human resource management toolkits.

the related procedural regulations and the respective toolkits. Hence, the legislation envisages electronic applications (digitalisation) and automation of numerous procedures targeted at reducing, at least to some extent, all possible practices that would facilitate nepotism; however, it would have been much easier to cope with this issue through a centralised system.

A professional, merit-based, and stable civil service protected by law ensures the sustainable development of the country. Armenia has been guided by this conception, and civil service reforms have been implemented following this logic. Often the reform process was quite dynamic, but also sometimes slow when faced with challenges. Not always have political processes been beneficial for the sustainable development and improvement of the system. Political appointees have been unable to accept the idea that they hold temporary positions, while professional civil servants must be stable and unchangeable in order to ensure the smooth functioning of the "state machine" by providing uninterrupted service to the country.

The stability of the civil service as well as civil service reforms have often been accompanied by very frequent structural changes of the Government, as well as certain government institutions. When, such structural changes occur due to fundamental political changes in the country, it is comprehensible and logical. However, when structural changes in a ministry take place when a minister changes, then such changes are often driven by other motives. This is one of the most serious challenges public administration faces in Armenia nowadays.

After the snap parliamentary elections held in Armenia in December 2018, the structure of the Government was considerably modified. As expected, the previously existing 17 ministries were reduced to 12 by optimising their structures and by rightsizing the number of their personnel. This drastic modification provoked agitation and heated discussions not only among the direct stakeholders, but also in society as a whole. In the author's opinion this process took place quite rapidly, without weighing the pros and cons or without any expert examination and evaluation of the efficiency of governance, although it is widely accepted that the state administration system of the country is inflated and it needs to be downsized, and it also needs to be structured in a more cost-effective manner.

To illustrate the situation, an example is presented. According to certain strata of society and of experts, it is irrational to dissolve the

Ministry of Agriculture, given that about one-quarter of the country's GDP is generated by agriculture. The functions of the Ministry of Agriculture were relegated to the Ministry of Economy. Current experience demonstrates that this was a clear step backwards in terms of efficiency in policy development in the sector and integrated management of agriculture and the agri-food system of the country. Furthermore, the dissolution of the Ministry of Culture and Sports has also been controversial. It has now been merged with the Ministry of Education and Science, making the new ministry a giant Ministry of Education, Science, Culture, and Sports. However, because of diverse functions and mismanagement, the new Ministry stands out in terms of inefficiency and impulsive practices. The problems that have accumulated in the field of education and the procrastination in resolving them have become serious challenges for the development of education—general and higher—and science. Another dissolved ministry is the Ministry of Diaspora, replaced by the Office of the High Commissioner for Diaspora Affairs under the Office of the Prime Minister of the Republic of Armenia. The work of this Office is hard to measure therefore time will be the best indicator of how efficiently it operates.

With reference to the optimisation of the numbers of public servants resulting from restructuring of the government, no significant staff reduction has been observed. From the author's viewpoint, this is due to that the government wants to avoid social adverse consequences and possible civil disobedience, which are characteristics of populist governments in general. Thus, the modification of the government structure, justified under the pretext of, inter alia, its enlarged scope, not only did not undergo a substantial optimisation, but also created new challanges with respect to the efficient management of the executive power.

To sum up this brief overview of public administration and civil service reforms in the Republic of Armenia, it is assumed that continuous efforts and considerable political will is necessary to ensure a strong, stable, professional, merit-based civil service that is also free from political influence.

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CHAPTER 3

Civil Service Reform in the Republic of Azerbaijan

Bahram Khalilov and Afag Huseyn

3.1 Introduction

The Republic of Azerbaijan is situated at the crossroads of West and East and is inhabited by people of over 60 nationalities, who have settled down in the territory of the country, occupying an area of 86,600 km^2. The Republic borders with the Russian Federation in the north (390 km), Georgia in the north-west (471 km), Armenia (1,007 km), and Turkey (15 km) in the south-west, and Iran in the south (765 km).

Azerbaijan is a democratic, legal, secular, and unitary republic aspiring to achieve sustainable development in the geopolitically complex South Caucasus region. On 18 October 1991, the Constitutional Act on State Independence declared the Republic of Azerbaijan as the successor of the

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Democratic Republic of Azerbaijan, which was established on 28 May 1918. Nowadays, the Republic of Azerbaijan includes 63 administrative regions, 78 cities, 261 settlements, and 4,248 villages, as well as the Autonomous Republic of Nakhichevan, with a total population of over 10 million.

The Republic of Azerbaijan has established political and economic relations based on mutual interest and trust with 187 countries and diplomatic missions in 96 countries. Azerbaijan also cooperates with international organisations such as the United Nations (UN), the Organisation for Security and Cooperation in Europe (OSCE), the Council of Europe (CoE), the World Bank (WB), the International Monetary Fund (IMF), etc.

Azerbaijan is a presidential republic. The President is elected every seven years by universal secret ballot. At the most recent presidential election of 11 April 2018, Ilham Aliyev was elected as the President of the Republic of Azerbaijan. According to the Constitution, the legislative, executive, and judicial branches of the government operate mutually and are independent in the framework of their authority. The political system of Azerbaijan has been built based on pluralism and multiparty system principles.

3.2 Political, Historical and Socio-Economic Conditions

Historians have provided important and at the same time interesting information about the statehood of Azerbaijan (Ismayilov 2004: 80–82). Historical sources indicate that a civil service mechanism existed in ancient Azerbaijan (Huseynova, 2008: 33). Scientific sources covering thousands of years of Azerbaijan's history clearly indicate that rules and principles of Islamic statehood existed since the tenth century and until the occupation of Azerbaijan by Russia in the nineteenth century. Following the occupation of the country by Russia, a new stage in the development of public administration and public service in Azerbaijan began. The civil service was formed and regulated on the basis of the "Table of Service Ranks".[1]

[1] Table of ranks—a table containing a list of correspondences between military, civil, and court ranks, consisting of 14 classes. The Table, established on 24 January 1722, totalled 263 posts (each of which since the issuance of the decree was also a ranked rank) and one status. Subsequently, many of the posts indicated in the Table were abolished and

Later, with the establishment of Soviet power, the Table was abolished, and all civil servants were regarded as administrative staff (Young and Shabanov 2004: 114–125). During the period of socialist Azerbaijan, the command-administrative system tightly controlled both economic and political activities. Decisions were made on the basis of instructions from the Communist Party Central Committee.

Changes in the political, economic, and social environment of post-socialist countries in the 1990s, including Azerbaijan, revealed significant problems in public administration and in many other areas. In fact, the government could not perform functions to meet the needs of society, since in the recent past, decisions were made on the basis of instructions from the Communist Party, but now they had to comply with the principles of legitimacy and legality, and at the same time needing to reach consensus through the process of political decision-making. Thus, it was necessary to completely change the style of work of the civil service (Young and Azadov 2004: 22).

In the first years of its independence, Azerbaijan faced significant challenges and its political and economic instability was aggravated by the Nagorno-Karabakh problem,[2] which still exists. Thus, restoring territorial

their status was abolished. Military ranks were declared higher than their corresponding civilian and even court ranks. The Decree contained 19 explanatory paragraphs to the Table. The ranking table has been changing for almost two centuries as a result of major reforms. A number of civilian posts have become civilian ranks, regardless of the real duties of their holder. The Table ceased to exist on 12 November 1917—the date of entry into force of the Decree on the destruction of estates and civil ranks.

[2] It should be noted that on 28 May 1918, the territory of the Republic of Azerbaijan was 114,000 km^2, which subsequently occupied by Soviet Russia on 28 April 1920. In 1924, during the Soviet occupation, the Azerbaijani territories of *Goycha* and *Zangazur* were transferred to Armenia. Currently the Nagorno-Karabakh problem is the essence of the Armenian–Azerbaijani conflict, as a result of which Armenia occupies 20 per cent of Azerbaijan's territory and more than one million people have become refugees and internally displaced persons. The occupation has been confirmed by the United Nations Security Council's Resolutions 822, 853, 874, and 884 and other international documents. In this connection, the President Ilham Aliyev has noted several times that Azerbaijan has never had an interest occupying territory of other countries, but at the same time, he will not allow others to establish a fictional second Armenian state in Azerbaijan's territory (People's newspaper (*Xalq qəzeti*), № 132, p. 7, 21.06.2017); http://mfa.gov.az/content/8; http://anl.az/el_ru/i/ifdaaz.pdf; https://www.ekitabxana.az/docs/QAZET/qzt2017_2330.htm (People's newspaper (Xalq qəzeti), № 132, p. 7, 21.06.2017); http://mfa.gov.az/content/8; http://anl.az/el_ru/i/ifdaaz.pdf; https://www.ekitabxana.az/docs/QAZET/qzt2017_2330.htm.

integrity is still one of the main priorities of the country's foreign policy. Furthermore, uncertainty in the legal status of the Caspian Sea has also influenced relations with other neighbouring states. All these issues have influenced the country's pace of development and are the cause for Azerbaijan to be included in the list of "militarily, politically, and economically risky countries".

Thus, as the country faced considerable uncertainty in the midst of national security problems, it was required to form a development strategy and find solutions to escape this difficult political and economic situation. In this sense, Azerbaijan's geopolitical location and its natural resources had an impact on its economic development as well.[3] However, Haydar Aliyev's oil strategy and his efforts in this direction played an important role. The choice of the national leader to use the strategic resources of Azerbaijan—as one of the long-term strategies for ensuring foreign economic security—was implemented on the basis of the "Contract of the Century", signed in 1994. In fact, it was then that Azerbaijan was recognised as an independent sovereign country.

After independence, there were changes in the economic life of the country, which proved the importance and necessity of adopting reforms. The main task of the Legal Reform Commission, established in 1998 by Presidential Decree, was to create a system in Azerbaijan that would be fully consistent with the legal system of Europe and the world (Young and Shabanov 2004: 140–143). In general, the process of taking measures in relation to economic policy can be divided into the following stages (Huseyn 2017: 64–67).

(i) ***Stage I (1990–1994***):

It is characterised by the termination of the previous economic regime that destroyed economic potential and brought hyperinflation, and at the same time, the activation of free market "rules of the game". Thus, a new base was founded for the development of the country's economy. Analysis of this period shows that the Azerbaijani Government took determined steps because of the requirements to re-establish the conditions for dynamic development. Between 1992 and 1995, high inflation, an

[3] The territory of the country is rich in oil, gas, polymetals, iron, aluminium, cobalt, mineral water, etc.

obsolete material and technical production base, decrease in economic competitiveness, and high unemployment demonstrated the need for a new economic model and a public administration equipped with new skills.

In the inherited "command-implementation" approach, policy decisions were made on ideological grounds without consultation with public administration entities, thus actions based on these decisions did not yield the expected results of the measures implemented aspiring to establish a market-based economy.[4] Conversely, lack of experience in creative administrative work and critical approaches in searching for alternatives and utilising creative decision-making processes resulted in problems.

(ii) ***Stage II (1995–1996)***:

This is the period during which systematic and consistent measures were taken to ensure macroeconomic, social, political, as well as financial stability, and the proper application of laws. Thanks to Haydar Aliyev's global approach on political and economic processes, the ground was set for reforms to start in these areas. In this short period of time, a part of the independent state-building course, there was a firm relation between reforms and sustainable development in all areas of the country. The first Constitution of the Republic of Azerbaijan, adopted in 1995, reflected all relevant details in the economic-political, and social-humanitarian realm. Adoption of new laws in the economic field, adjustment of these economic laws into Azerbaijani standards and other legislative initiatives, all contributed to national development of our republic, and they deepened its integration into the world.

(iii) ***Stage III (1997–2003)***:

This period is characterised by the elimination of the systemic crisis. Anti-inflation measures were taken that enabled Azerbaijan to actively integrate in the world economy and enhance regional cooperation, effectively allowing the country's economy to start developing dynamically.

[4] In the centralised decision-making process inherent in the Soviet system, the goals set by the central government, as well as the development programmes and execution plan often led to the introduction of new executive functions in the public service system.

Furthermore, during this period, the State Commission was established to implement reforms in public administration, under the direct supervision of the President.[5]

In 1999, the President of the Republic of Azerbaijan identified three key areas needing fundamental reform and starting in 2000 public administration reform has been initiated. These included: (i) the consolidation and reorganisation of various state bodies; (ii) the adoption of a Law on Civil Service providing for a transparent and democratic system of recruitment; (iii) the creation of an ombudsman's office as well as various legal and judicial reforms; and (iv) the introduction of an anti-corruption policy. Implementation of these reforms is still underway.[6] These initiatives were incorporated into the Law of the Republic of Azerbaijan "On State Service", which entered into force on 1 September 2001.

In 2003, the President of the Republic of Azerbaijan Ilham Aliyev signed a decree identifying the development priorities of our country titled "Extra measures to speed up socio-economic development in Azerbaijan". The issues reflected in the decree are divided into five blocks—institutional, social, industrial, entrepreneurship development, and improvement of market environment and of the state finance system. Implementation of these blocks intended to develop the civil service system and monitor implementation of state programmes; complete economic management reforms; ensure that citizens' service applications and complaints were processed in a timely manner; strengthen discipline in central executive bodies; deepen cooperation with international and regional economic institutions; and implement reforms in banking and communal infrastructure systems, e.g. provision of public utilities services and water supply and sanitation.

(iv) ***Stage IV (2004–2014)***:

During this stage, the state budget deficit was reduced, and the national currency was stabilised against the world-leading currencies. These actions contributed to the reduction of poverty, a decrease in unemployment rate, and socio-economic development in the regions, as well as to

[5] Presidential Decree № 53 (29.12.1998).

[6] http://dqmk.gov.az/aze/downloads/Beledci/CSC%20brief%20brochure%20draft%20v7110711.pdf.

strengthening the country's institutional resources and personnel potential. During the same period, the provisions developed for the Civil Service Commission under the President of the Republic of Azerbaijan enabled the Commission to pursue the implementation of policy measures set forth in the legislation regarding: the use of competitive selection and placement of civil service personnel procedures; raising the level of training and qualifications of civil servants; formal performance evaluation procedures; providing social security, as well as solving other problems related to the civil service.[7]

Over the last 10 years, reform initiatives to bring about changes in the civil service recruitment system have been implemented, with a view to provide the central executive power bodies and citizens of Azerbaijan with efficient and responsive services. These reforms have been concentrated on areas of creating an efficient civil service focused on the need for provision of high-quality services to the public. Building a well-structured recruitment system received a remarkably high prioritisation.[8]

(xxii) ***Stage V (2015–to date)***:

Stage 5 is characterised by adjustments made in infrastructure and the institutional environment to adhere to a free market economy requirements; the implementation of relevant reforms in public administration in order to create an effective administration system; the liberalisation of many economic areas by eliminating unnecessary and objectless state regulations; the adoption of a modern and innovative development model by attracting investment in finished product manufacturing business activities; the formulation of a conducive socio-economic environment to enable human capital development; the creation of an efficient macroeconomic environment to support sustainable economic growth; the optimal development of productive forces and economic areas in the country; and the definition of prospective development targets and directions of the country.

[7] Approved by Presidential Decree (3.06.2005).

[8] Following the implementation of reforms, the recruitment system was now centralised; http://dqmk.gov.az/aze/downloads/Beledci/CSC%20brief%20brochure%20draft%20v7110711.pdf.

These activities were part of a presidential decree that included the "Main directions of the strategic road map for the national economy and major sectors of the economy", as well as the "State Programmes on Socio-Economic Development of Regions of the Republic of Azerbaijan 2019–2023", the "State Programme on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan 2008–2015", and the development concept "Azerbaijan 2020: Vision for the Future".[9] These programmes initiated important policy measures for inclusive development, i.e. poverty reduction, infrastructure development, ecological stability, social protection, education, private sector enhancement, job creation, effective governance, and gender equality.

Thus, in the last fifteen years, several other policy documents were adopted that provided the legal basis for the realisation of the national development model of the Republic of Azerbaijan. In fact, 201 Programme documents as well as 10 National Activity Plans, 23 Measure Plans, 21 Programme Measures, and 17 National Plans and Programmes (Mehdiyev 2018a). These initiatives were complemented with other programmes aimed at developing further the non-oil sector, agriculture, industrial zones, micro, small, and medium enterprises, and the establishment of a conducive investment environment. Azerbaijan has also broadened its international relations in the transport area with countries all over the world, especially with the EU member states. The Baku–Tbilisi–Ceyhan (BTC) oil pipeline and Baku–Tbilisi–Erzurum gas pipeline have already contributed to the provision of energy security in the world and activation of the TANAP and TAP projects, which constitute an important part of the "South Gas Corridor", significantly contributing to energy security in the region and Europe. The Europe-Caucasus-Asia (TRASECA) transport corridors have increased, and the Baku–Tbilisi–Kars railway has been commissioned. Furthermore, the RO–RO terminal was launched in the Baku International Sea Trade Port and the projects of construction of highways in the North–South and East–West transport corridors were successfully implemented. The "*Azerspace*" and "*Azersky*" projects aiming at economic diversity and modernisation of industry have also been put into use.

The results of these initiatives were presented by Ilham Aliyev in the VI Global Baku Forum:

[9] Presidential Decree № 11386 (6.12.2016).

> *Thanks to our economic independence we pursue independent foreign policy, and we are a leader in foreign investment attraction in the region. In the last 15 years (2003-2017), more than USD 230 billion was invested in the Azerbaijani economy, half of which is foreign investment. While the Gross Domestic Product (GDP) of the country was USD 2,443.3 million in 2000, by 2017 it became USD 40,867.9 million, and it reached USD 46,939.6 million in 2018. In the period 2003-2017, GDP increased 9.8 times in nominal terms and 3.2 times in real terms. The GDP increase in the country was 9.4 percent overall, and 8.2 percent in the non-oil sector, in monetary terms. The increase was 2.6 times in industrial production, 2.8 times in non-oil sector for GDP, 2.2 times in non-oil industry and 1.7 times in agriculture. The share of the private sector was 74 percent in 2003 and it became 84 percent in 2017.* (Mehdiyev 2018b)[10]

In the last 15 years (2003–2018) the state budget revenues have increased 16.7 times and have gone from AZN 1.2 billion in 2003 to AZN 20.1 billion in 2018, in nominal terms. In 2017, revenues and income from the non-oil sector, e.g. taxes, duties, and sundry payments were AZN 8.6 billion, an amount which is 11.4 times higher than in 2003. The resources devoted to acquiring capital assets have increased by more than three times between 2003 and 2017, from AZN 3.8 billion to AZN 16.8 billion. State-funded investment expenditures—the main part of budget expenditures—have increased 55.5 times between 2003 and 2018, from AZN 4.8 million to AZN 86.9 billion. Strategic currency resources have increased 26.2 times, from USD 1.6 billion in 2003 to USD 42 billion USD in 2017, and has exceeded the country's GDP. The ratio of foreign debt of Azerbaijan to GDP is less than 25 per cent, a ratio that is considered one of the best in the world, as from the economic security aspect, the critical limit is 40 per cent (Mehdiyev 2018a, b).

In the World Bank "Doing Business 2019" report, Azerbaijan was included at the top of the list of the 10 most reformist countries. According to the report, Azerbaijan moved 32 places forward—in comparison with 2017—and settled at the 25th place among 190 countries; making it also the leader among the Commonwealth of Independent States. In general, important progress has been recorded on 8 out of 10 indicators, depicted in the report:

[10] https://president.az/articles/27448/print.

> *Azerbaijan, situated in both Europe and Central Asia regions, has simplified business activities in the period 2017-2018, by making reforms in 8 areas, thus achieving the highest number recorded at the global level, placing it among the 10 most improved countries* (World Bank 2019).

Similarly, the "Standard and Poor's" rating agency predicts that the Azerbaijani economy will grow by 3 per cent on average every year for the next three years, and investment in the country, in 2019, will increase by 2.5 per cent. In fact, the GDP in 2019–2020 is predicted to grow by 3.5 per cent. Furthermore, according to Fitch international rating agency, social and political stability will persist leading to an increasing macroeconomic stability.[11] The predictions of these international rating agencies reflect the current socio-economic and political situation in Azerbaijan, as well as the direction of the future state-building model as a whole.

This is a very important issue from the statehood aspect. Statehood is a set of state manifestations—the state, state power, state apparatus, state administration, and state service, the elements of which form a single system of interaction, interconnection and interdependence (Rzayev 2011: 9–11). Economic development requires that the country's management mechanisms advance. Furthermore, the changing situation necessitates the existence of a dynamic management corps. Thus, new management mechanisms are needed as the forms and processes of management have changed. Moreover, the means at the disposal of managers have also changed to solve problems that they are faced with. However, different countries apply innovations in different ways, choose some elements, refuse some, and the success of implementation, of course, depends on several institutional and political factors (Pal 2007: 128).

Relevant research shows the existence of different approaches for the analysis on public administration and civil service. According to some scientists, in order to reform the apparatus of public administration, its performance must be learnt very well from the scientific aspect and it must be separated from politics (Vasilenko 2001: 11). According to others (Atamanchuk 1997), public administration objectives must be designed

[11] https://news.day.az/azerinews/1032395.html and http://www.movqe.az/news/siyaset/127149.html.

to meet the following requirements: (i) be objectively conditioned and justified, i.e. stem from objective laws and tendencies of social development and people's activities and must also correspond to the objective logic of the functioning of a particular phenomenon, process, relationship, and take into account the form and mechanisms of the latter; (ii) be socially motivated, i.e. go by the needs, requests, and interests of people, respond to them and thereby cause understanding, support for goals, and the desire to bring them to life; (iii) be secured in terms of resources, both from the intellectual and material sides, i.e. be based on real, not imaginary, on available, and not on supposed or possible potential, to be tied to specific conditions and factors of social life; and (iv) be systematically organised, i.e. include, in a certain sequence, strategic, operational and tactical, general and private, main and supporting, final and intermediate, distant, close and immediate goals, etc.

Thus, given the significance of personnel professionalism and performance appraisal in the civil service, the evaluation of their work is noted that,

> *one of the main features of the administration technology approved by state authorities is the performance appraisal of civil servants based on concrete results. The performance appraisal principle based on results is followed by civil servants' more responsible approach towards their work and it creates the conditions for a more efficient and productive public administration apparatus.* (Mehdiyev 2018b)

For the effective functioning of the public administration system, it is also necessary to make changes in the organisational structures. The development of the post-industrial society, as a result of globalisation and the changes associated with it, will demand changes in the structure of the state administration. This implies the establishment of power closer to the people and the improvement of government administration (Hajiyev 2010: 4–5). Furthermore, these changes are also evident in the interactions between the public administration and the citizens. They will lead to minimum physical contact between officials and citizens. The use of the "single window" system in the provision of public services is effective in minimising contact and has a positive effect on the relationship between the state and its citizens.

Public administration and civil service reform focuses on three groups of issues (Gandilov 2010: 50):

I. Public administration is analysed as a single and whole system. However, the functions of state management at various levels—national, regional, local—and the coordination among them are also analysed.
II. Issues for organising personnel evaluation in preparing them for leadership positions are investigated, e.g. staff numbers in the public administration apparatus, structure, staff management, requirements for staff and certain people, work style, leadership issues, measures taken for reducing bureaucracy, etc.
III. Integration of technology in public administration processes for interaction among civil servants, for the decision-making process in state level, political, economic, social prognostication, public administration methods used in crisis and conflict, mass media and public administration, non-governmental organisations, and identification of their mutual connection technology, etc.

Furthermore, the change in the global economic development paradigm necessitates the introduction of renewed production methods and new economic growth models, as well as renewed economic structures and other changes covering from economic organisation to public administration and the civil service system. One of the main issues that need attention is the proper coordination between public administration and economic reforms. Restructuring the governance system and forming a new economic system must complement each other. In this regard, improvement of the governance system complemented by economic reforms contributes to the efficient regulation of the economy.

The last 20 years have seen a change in the role of the state in economic life. For instance, the optimisation of state activities to use resources in the production of public goods more rationally, a decrease in bureaucratic procedures, and an increase in the objectivity of decisions made in public–private partnerships choices. Nowadays, the civil service is the main mechanism for implementing state policy and achieving its goals, and for implementing other state functions such as maintaining sovereignty and independence, strengthening statehood, and building the rule of law and civil society (Safarov 2014: 12).

3.3 Analysis of the Current Situation of the Civil Service System

The socio-economic situation of the country has improved due to the implementation of consistent reforms over the past 30 years. Starting in 1993, reforms conducted under the leadership of our national leader—Heydar Aliyev—have influenced the civil service system as well. The Law "On Civil Service" was adopted as a result of the activity of the State Commission on Public Administration founded under Heydar Aliyev's direct supervision.[12] The principal goals of this Law were: firstly, the development of clear and transparent procedures for the recruitment, evaluation, promotion, and remuneration of civil servants; secondly, ensuring the civil service corps' ability to develop appropriate knowledge and skills; and thirdly, protecting civil servants from unfair dismissal. In 2005, the Civil Service Management Board of the Republic of Azerbaijan and the Civil Service Commission under the President of the Republic of Azerbaijan were created to oversee the implementation of laws and other normative acts in the civil service domain. The foundations of a single state policy in civil service, main principles of personnel policy, civil servants' place in society, and their rights and duties have also been identified in this law. The Law "On Civil Service" has been continuously improved through newer legal acts containing over 180 amendments.[13] Conversely, during the 11 years of its existence (2005–2016), the Civil Service Commission under the President of Azerbaijan has introduced transparent procedures for admission into the civil service and for the promotion of civil servants.

The classification of civil service jobs in government bodies is based on status and functions and they have been determined from the highest to the fifth and the division of public service posts from the highest to the seventh classifications. Positions' specialties, performance evaluation, the creation of wage and social security systems, incentives, rules of ethical behaviour, accountability, and other procedures are regulated by law. In

[12] Presidential Decree № 53 (29.12.1998) that came into force on 1 September 2001.

[13] http://qafqazinfo.az/news/detail/azerbaycanda-dovlet-qulluqcularinin-pese-bayram idir-256031.

2007–2015, the "Information Bank on the organisational - legal documents and administrative positions" of 37 state bodies was developed.[14] In 2015, as a result of changes in 19 government bodies, job descriptions for 280 positions were rewritten. Given the similarity of job functions for 14,889 posts in 154 state bodies, jobs were grouped in 16 functional directions. The main purpose in grouping positions was to provide candidates with the opportunity to choose a position out of similar positions relevant to their own profession. This also led to better management of the personnel reserve, and to a more rational organisation of the rotation of civil servants.[15]

The State Examination Centre is responsible for the civil service personnel.[16] Starting in 2017, positions in the civil service are divided into the following categories: A type: administrative leading (management) positions—AA, AB, AC. B type: administrative executive positions—BA and BB. C type: supportive clerical positions—CA. And finally, D type: supportive technical positions—DA.

Admission to the civil service comprises three stages: test—upon receipt of a positive result, a certificate valid for five years is awarded; an interview; and appointment to the position. Data for the periods 2007–2015 and 2017–2018 on this staged process show that 25 per cent of the current civil service position holders have been chosen through a transparent and objective selection process (see Tables 3.1 and 3.2).

The complexity of public administration with its different aspects requires analysis of its constituent factors as a whole, as a derivative of one another, and of their mutual impact. Although different elements in the structure of public administration have their own function and

[14] The "information bank" contains organisational and legal documents, that is, legal acts pertaining to the organisation, its charter and organisational structure, staffing matters and job descriptions for each position.

[15] This task was funded by the European Union Twinning project "Support to further reforms of the civil service system in Azerbaijan" (AZ/15/ENP/OT/40). Besides the implementation of the classification of job profiles based on context, the project also intends to provide suggestions on the new classification system for admission to the civil service, as well as for performance appraisal and remuneration systems, http://dim.gov.az/center/hesabatlar/—Twinning is an institutional tool of the EU that intends to promote the exchange of experience and support in public administration, as well as the adjustment of national legislation to the EU legislation.

[16] The State Examination Centre is a public legal entity, established by Presidential Decree № 860 (11 April 2016).

Table 3.1 Tests and interview results for admission to state bodies' vacant positions (2007–2015)[17]

No. of state bodies	*Tests*					*Interviews (general and internal interviews)*				*Appointment from the reserve list*	*Total number of appointed candidates*
	Number of vacancies	*Number of candidates*	*Test winners*	*Relevant for the position*	*Appointed to positions*	*Number of vacancies*	*Number of candidates*	*Relevant for the position*	*Appointed to positions*		
160	11,179	66,163	15,438	4,423	3,185	3,708	3,410	1,864	1,762	535	5,482

Source Civil Service Commission under the President of the Republic of Azerbaijan

[17] 6, 14 and 28 August, 11 and 18 September, 1 and 28 October, 3 November, and 10 December—announced tests are exceptions.

Table 3.2 Tests and interview results for admission to state bodies' vacant positions (2017–2018)

Year	*State body*	*Number of positions*	*Number of candidates*	*Number of applications*	*Held interviews*	*Successful candidates*	*Number of appeals*	*Unsuccessful candidates*	*Appointments*
2017	72	679	556	556	511	356	8	155	341
2018	424	5,749	5,487	11,437	5,076	2,053	100	1,755	1,674

Source http://dim.gov.az/center/hesabatlar/

purpose, to get a general picture, they must be analysed together, as a single unified system. On another note, the system must be stable in order to exist under all conditions. However, it also needs to be flexible for development purposes. Therefore, it is necessary to define a list of tasks that are considered most significant for the civil service. At the same time, it is also necessary to expand the legal and information base, as well as improve the quality of public services, and reduce corruption, among all other responsibilities that are also important for the functioning of the civil service.

The strategic nature of the civil service system requires the adaptation of the state bodies and civil servants, as well as their functions, to modern requirements and conditions. Eliminating the duplication of powers and functions, strengthening the financial and technical base, utilising advanced management methods, and improving control mechanisms are inevitable tasks in the optimisation process. However, there is one issue that needs particular attention. Strengthening the potential of the state by making sure that the functions of the state correspond to its ability to fulfil them.

However, in practice, this causes certain difficulties. The desire to do a lot with limited resources can negatively affect quality, other metrics, and do more harm. Consequently, if the state has limited resources, then directions, forms and methods, and procedures must be carefully defined and justified. Currently, in some areas, public–private partnerships are expanding, and powers and management responsibility are being transferred to the private sector. The focus is on improving governance and performance, not on the number of civil servants. The new form of government is a style that emphasises: (i) independence of management; (ii) division of the state bureaucracy into bodies working on mutual settlements; (iii) use of market mechanisms and the conclusion of contracts to increase competition; and (iv) reducing costs and achieving other similar goals, combined with limited contract terms and financial incentives (Bevir et al. 2003).

Relevant research shows that from 1998 to 2013 the President issued over 31 decrees and more than 20 orders in order to improve the administration system and make changes in central executive bodies. In general, since independence, over 2000 decrees and orders on state administration structures have been signed. In 2001, 21 ministries and agencies were abolished, and 7 ministries and agencies were re-established. In 2013, 18

Table 3.3 Number of appointed employees (2013–2018)

	(1)	(2)	(3)	Total
2018	1,312	22,051	5,764	29,127
2017	1,313	22,267	5,722	29,312
2016	1,214	22,932	5,944	30,090
2015	1,173	22,713	6,237	30,123
2014	1,147	23,017	5,944	30,108
2013	1,107	22,589	6,014	29,710

	2013	2014	2015	2016	2017	2018
High-third category administrative positions (1)	1,107	1,147	1,173	1,214	1,313	1,312
Fourth-seventh category administrative positions (2)	22,589	23,017	22,713	22,932	22,267	22,051
Civil service support positions (3)	6,014	5,944	6,237	5,944	5,722	5,764

Source https://www.stat.gov.az/source/labour/

ministries, 13 state committees, 5 state companies implementing management functions directly, 2 trusts, 12 corporations, 3 unions, 7 agencies, 3 funds, 2 state commissions, 3 chambers, and 7 supreme and high instance courts were operating. As of 1 February 2003, 24,000 people out of 3,781,100 able-bodied people worked in the civil service (46.8 per cent of the total population) of which 1,688 worked in the judiciary (Ismayilov 2013: 56–57). Data in Table 3.3 show that this number reached 29,127.

The number may seem high at first sight. In fact, when considering the situation in other countries, it becomes clear that this is a small number—public servants make up 0.3 per cent of the total population of the country (just over 10 million) and 0.6 per cent of the employed population (4.9 million).[18]

In 2013, 30.5 per cent of all civil servants were high-ranking position holders. In the next four years (2014–2017) there was a decrease in the total number of civil servants, however, the number of civil servants in high-ranking positions increased by 0.3 per cent. This was due to an increase in the number of employees in positions of categories from the highest to the third. However, according to data (1 January 2019), thanks to reforms, the number of civil servants has decreased by 0.7 per cent. In general, 28.5 per cent of civil servants are women. The average age of civil servants is 43. Civil servants between the age of 35 and 44 make up

[18] For comparison purposes civil servants in other countries represent a higher percentage of their total population, e.g. Switzerland 9.4 per cent, Austria 5.9 per cent, France 5 per cent and Germany 3 per cent.

26.3 per cent, while those between 63 and 64 make up only 2.9 per cent of the civil service workforce. Over 70 per cent of the positions in the civil service system of Azerbaijan are jobs requiring economic knowledge.

To attract young people into the civil service system, several normative legal acts exist as well. For example, young people who studied abroad in the years under the "State programme on Education of Azerbaijani Youth abroad in the years 2007–2015" entered the civil service with out of competition procedures. In fact, 34 out of 102 graduates of the programme have been appointed to the civil service positions in different state bodies through the Civil Service Commission under the President of Azerbaijan. Another incentive to attract young people into the civil service is to provide opportunities to new graduates to participate in competitions for entering the public service. Through these initiatives, the number of young individuals who joined the public service exceeded 80 per cent between 2007 and 2018 (Fig. 3.1).

In 2018, the majority of people working in the civil service were between the ages of 45–62 (40 per cent), with 22 per cent of this group being between the ages of 45 and 54 and the remaining 18 per cent between the ages of 55–62. On the other hand, civil servants up to the age of 44 constituted 57 per cent of the civil service workforce, with 18

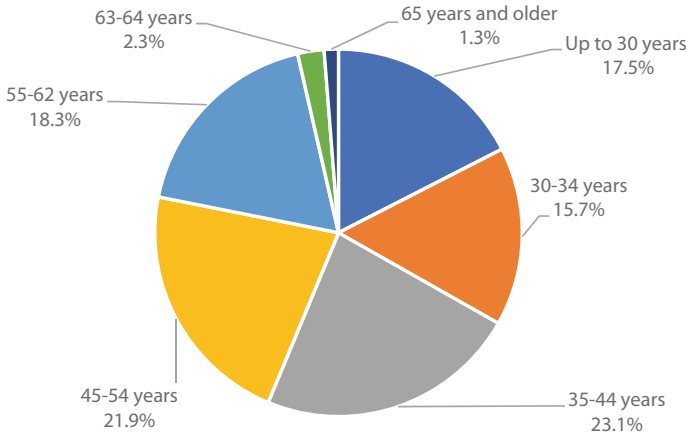


Fig. 3.1 Composition of civil service personnel by age (2018) (*Source* https://www.stat.gov.az/source/labour/)

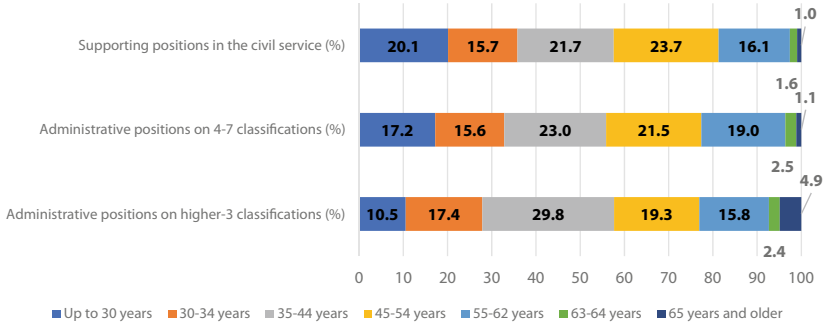


Fig. 3.2 Distribution of civil servants by age and by job classification (*Source* https://www.stat.gov.az/source/labour/)

per cent being up to the age of 30, 16 per cent between the ages of 30 and 34 and the remaining 23 per cent between the ages of 35–44.

The Fig. 3.2 presents the age distribution of civil servants on 1 January 2018.

A sociological survey conducted recently enabled to identify civil servants' attitudes towards their performance, and evaluate their satisfaction level related with their work, as well as elicit their suggestions on how to develop the civil service. Approximately 400 civil servants participated in the survey. The respondents expressed that the main reason to work in the civil service was "to serve the state, society and citizens" (69.5 per cent), while it was "prestige of civil service" for another 35.7 per cent. The survey also revealed that the respondents' satisfaction level with their position was 80.2 per cent, while 90 per cent said to be satisfied with both working in the civil service and serving society. Furthermore, 67.7 per cent of the respondents confirmed the connection between their position and their levels of knowledge and professionalism.

To develop their job skills 202 civil servants from 32 state bodies in 2012, 269 civil servants from 32 state bodies in 2013, and 153 civil servants from 28 state bodies in 2014 were involved in the training provided by the Commission. This process continued in 2015 too. In parallel, the Academy of Public Administration under the President of the Republic of Azerbaijan delivered training courses for preparing experts as well as increasing their professionalism levels and conducting research in public administration.

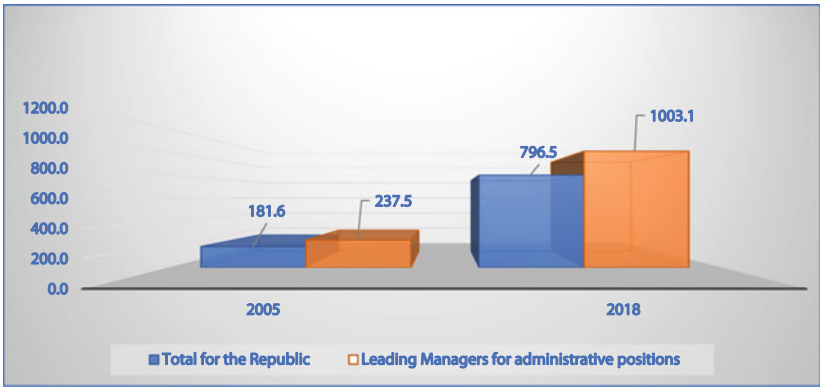


Fig. 3.3 Civil servants' average nominal salary (2005–2018), in AZN (*Source* https://www.stat.gov.az/source/labour/)

Still, despite the progress made, there are still gaps in the civil service legislation, in the methodology of management of the civil service system, in enhancing civil servants' professionalism, as well as in matters regarding the efficiency of their activities and providing guidance for their motivation. There is also a need to improve salaries and working conditions, and to develop a career advancement system in the civil service. Moreover, in order to ensure efficient performance and proper implementation of complex work by civil servants in Azerbaijan, the social protection system for civil servants also ought to be improved. However, some measures have been taken. For instance, a salary increase of up to 4.3 per cent between 2005 and 2018 was given in order to be competitive with the private sector. Another measure taken was setting the minimum salary at 250 AZN,[19] and introducing a 40 per cent increase in salaries, from 1 September 2019, for all central and local state bodies, and all other equivalent to them (Fig. 3.3).

In the last ten years, the experience of reforming the civil service system in Azerbaijan is exemplary and accepted as such, by Western and Eastern countries, Turkey, China, Mongolia, Central Asian countries, the Baltics, Georgia, Moldova, Ukraine, Belarus, etc. Sharing experience at the international level continues to date. The Vice President of the Republic of

[19] According to the decree signed by the President on 18 June 2019.

Azerbaijan—Mehriban Aliyeva—has declared Azerbaijan's success in this area at the UN's Public Service Forum held on 24 June 2019,[20] organised by the UN and the State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan, in the following words:

> *The topic of this event carries a huge importance for all nations.* I *would like to share Azerbaijan's success in developing an efficient civil service system with you. The main target and purpose of this achievement is to provide people-oriented new services, eliminate problems faced by citizens in the past and make available, comfortable, easy, and efficient public services for the people. Since 2013, over 30 million of applications have been dealt with by the ASAN Service Centres. Currently, 320 state and private services are delivered in those centres. 12 different state agencies and a group of private companies are represented in the same building – under the roof of each ASAN Service Centre. In a short period of time, the ASAN Service Centres took centre stage between the state and citizens.* (Aliyeva 2019)

However, further development of the civil service system and its inclusion in the exemplary practice list as the Azerbaijani model, regular and consistent measures are required. President Ilham Aliyev has shared his intensions in this field:

> *Free society, legal state, rule of law, strong economy, powerful army, flexible foreign policy and full protection of interests of Azerbaijan – these are the main global directions before us. We have our own vision for each direction, and we know what we want, where we go and what the results of it will be.* (Aliyev 2016)

3.4 Main Directions of Reforms and Expectations

The formation of the public service system after the adoption of the Law of the Republic of Azerbaijan "On Civil Service" led to the following:

- Creation of a regulatory framework governing relations in the public service;

[20] The UN Public Service Forum is a useful platform to share experience with high-ranking public officials from different parts of the world and discuss the challenges to achieve the "Sustainable Development Goals" of the UN 2030 Agenda.

- Establishment of procedures for transparent recruitment to the civil service and appointments in public service positions;
- Provision of professional ranks to civil servants, an evaluation system of their activities, and their involvement in disciplinary proceedings, etc;
- Creation of new remuneration and social security systems for civil servants;
- Formation of the Civil Service Register as a centralised database of civil servants;
- Development of training modules and organisation of regular trainings on public service, human resources management, ethics, anti-corruption, and other subjects;
- Establishment of cooperation relations with a number of states and international organisations in order to promote the development of public service.

The main focus of the reform is the definition of multi-vector, sequential actions aimed at developing the system of public service. To this end, the "Strategy for the development of public service in the Republic of Azerbaijan for 2019–2025" was approved.[21] The main directions of reforms that will be implemented during those six years are:

- Institution building;
- Personnel policy development and rotation of civil servants;
- Enhancement of professionalism and efficiency;
- Introduction of competency models and advanced motivation modalities in the public service;
- Improvement of informational support for public service;
- Improvement of legislation and control over its implementation;
- Assessment of the activities of structural units and state employees;
- Improvements in the implementation of ethical codes of conduct.

Carrying out fundamental reforms in these areas and other related ones implies civil service sustainability and further development of its human resources. In the area of institution building, optimisation is the key action. Optimisation, i.e. transformation of some state bodies

[21] Decree of the President of the Republic of Azerbaijan № 739 (23.11.2018).

into legal entities of public law.[22] Currently, the following organisations are legal entities of public law: State Examination Center; Chamber for Supervision of Financial Markets; Copyright Agency; State Agency for Housing Construction under the President; State Agency for Alternative and Renewable Energy; State Historical and Architectural Reserve "*Icherisheher*"; Seaside Boulevard Office; Baku Transport Agency; State Agency for Compulsory Health Insurance; and State Courier Service.

Elimination of duplication of state bodies powers and functions has become one of the main tasks for institutional change. The existing duplication of powers and functions did not allow for achieving the reform objectives. Thus, starting in 2016, the functions and powers of various ministries and departments have been reviewed and analysed. As a result, between 2016 and 2019, there have been six amendments in the "Standard Provisions of the Central Executive Bodies".[23] Changes were made to the provisions of the Cabinet of Ministers, as well as to the Ministries of Economy, Taxes, Finance, Labour and Social Protection of the Population, etc. Furthermore, the Ministry of Taxes of the Republic of Azerbaijan, the State Committee for Property Issues of the Republic of Azerbaijan, and the State Agency for Antimonopoly Protection of Consumer Rights of the Republic of Azerbaijan were merged into the structure of the Ministry of Economy.[24]

The Council on Management of the Civil Service of the Republic of Azerbaijan supervises the application of legislation on public service, the methodology of regulation of public service and the work of the regulatory body in this area; the State Examination Centre—previously the Civil

[22] The legal entity of public law is a new management mechanism in Azerbaijan. In accordance with the Law of the Republic of Azerbaijan "On legal entities of public law" (29 December 2015), legal entities of public law are organisations that are not state or municipal authorities, but are created on behalf of the state, a municipality, or a public person and carry out state and/or social activities. A legal entity of public law performs the functions of vital importance to the state and society. Therefore, the state is the direct founder of a legal entity of this type. A legal entity of public law as an entity can provide both free and paid services, be independently financed or, if necessary, be financed from the state budget.

[23] Approved by Decree of the President of the Republic of Azerbaijan № 363 (13.02.2006).

[24] Decree of the President of the Republic of Azerbaijan № 845 (23.10.2019) "On expanding the functions and structure of the Ministry of Economy of the Republic of Azerbaijan".

Service Commission. The Cabinet of Ministers is currently developing mechanisms to strengthen the activities of the Civil Service Management Council that will enable it to play a more active role in the development of public service.

Political elites shape policy and civil servants carry out such policy. The daily work of the government involves the formulation of policy documents, including the design of the decisions taken for approval and signature by the politicians.[25] This work is not performed by democratically elected officials, but by bureaucrats. However, sometimes mistakes are made and there are discrepancies with the requirements set by political leaders. Thus, political leaders often bring their advisors with them—to advise them on political issues under their jurisdiction—as part of their cabinet and they remain in such positions until a minister leaves his/her position. This is also because political leaders—people holding political positions—often respond with displeasure about bureaucrats—people holding leading and executing positions in the public service and point out that they face many obstacles and difficulties with them, in translating desired goals into reality (Toffler 2003: 4).

The Law "On Ethics Conduct Rules of Civil Servants" came into effect in 2007. The Law establishes a wide range of ethical duties for civil servants, from loyalty and obedience to appropriate use of public property. The primary purpose of the Law is to enforce ethical behaviour and address violations through disciplinary sanctions. The Law broadly supports continuing anti-corruption measures implemented in Azerbaijan in the last few years.[26]

Today, all over the world, the goal is to create a comprehensive professional manager, that is, a broad profile administrator. President Ilham Aliyev said in an interview that

> *Azerbaijan has a very strong human potential. It is necessary to protect this potential, professional people. I tell you, there are not many of them in*

[25] In many countries, consultations on issues of government policy are normal, and in some cases a compulsory process. For instance, interdepartmental consultations involve the exchange of information and views in order to develop and implement strategic decisions. Consultations are also held directly during the implementation of decisions (Walduck 2005).

[26] http://dqmk.gov.az/aze/downloads/Beledci/CSC%20brief%20brochure%20draft%20v7110711.pdf.

> *Azerbaijan. Of course, I treat all officials and every official the same way ... and I think that someone who does the job with dignity must definitely continue to work.* (Mehdiyev 2018)

It follows from this that in the process of creating a more organised and efficient public service that inspires confidence in civil servants, professional personnel are given priority. For this reason, in order to increase the efficiency of the work of state bodies and civil servants, the Strategy for the development of public service in the Republic of Azerbaijan for 2019–2025 also provides for the development of a personnel policy and the "Model Regulation on the personnel structures of state bodies".

Ensuring more effective implementation of the State Examination Center functions in the field of public service is the next step. To implement reforms in the public service, the State Examination Centre analyses and develops proposals on the following topics:

- Concepts related to public service and its special types, category and hierarchy of government bodies, types, and procedures for creating structural units, types of public service posts and classifications;
- Classification of public posts by field of activity and creation of job profiles in these groups;
- Organisation of HR departments in state bodies, staffed in proportion with the total number of employees of these bodies;
- Improving the "Rules of Maintaining the Register of Public Service";
- Needs of civil servants for training, identifying training modules and programmes for managing human resources in the civil service including for managers;
- Improving the activities of the Academy of Public Administration in the field of advanced training for public officials;
- Action plans to improve the activities of training centres of state bodies;
- Development of the project "Training strategies for civil servants";
- Development of mechanisms for monitoring the implementation of the Law "On Civil Service"; and
- Creation of ethical commissars' posts in state bodies.

In general, the planned reforms in the period 2019–2025 aim at eliminating the shortcomings of the public service system. In sum, the following changes are expected:

- Elimination of unresolved issues in the legislation on public service with respect to rotation and protection of public servants, civil servants' career development, etc, which are currently defined narrowly;
- Establishment of interaction and relationship between the results of performance appraisals of public servants and other elements of public service;
- Establishment of interaction between civilian public service and special types of public service;
- Elimination of delays in the procedures for the appointment to posts in public service, as well as the overall optimisation of the procedures for recruitment and promotion.

3.5 Conclusions

The preceding analysis confirms the formation of a national-specific civil service system in the Republic of Azerbaijan using international experience in this area. Thanks to continuous and successfully implemented important reforms in the past 20 years, the experience gained in Azerbaijan is followed and taken as an example by several countries. Nevertheless, in our opinion, the following points should be taken into consideration to deepen the reforms and increase their efficiency, while implementing the Strategy in the coming years:

- Adoption of the Civil Service Code, which will also include issues of rotation, protection, and guarantees for civil servants;
- Implementation of institutional reforms in the civil service are based on both career- and position-based models, thus, according to the preferred model chosen by civil servants, individual career plans should be prepared;
- Civil service and its special types, categories of government bodies, and hierarchy must be improved. The units, names, types, and classification of civil service positions must be more accurate and precise. The possibilities for vertical and horizontal rotation opportunities

from one type to another must also be indicated in regulatory documents;

- A competency model must cover all civil service positions and competencies such as prediction, planning, analysis skills, finding effective solutions, high communication, adaptation to change, and generation of ideas should be enhanced by providing special training and internship programmes to civil servants;
- Use of audio-video training modules must be expanded utilising interactive methods and scientific and technical innovations, as modern methods of education in order to provide non-stop professional development training to civil servants. Short-term education programmes must be introduced for the preparation of "universal personnel" (multi-disciplinary personnel) and to enrich civil servants' potential; and
- Increase the functionality of the civil service registry by establishing a mutual information exchange platform among the Ministries of Labour and Social Protection of the Population, of Finance, of Economy, as well as with the State Statistics Committee and the State Housing Development Agency.

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CHAPTER 4

Reform of the Civil Service in the Republic of Belarus: Insights and Challenges

Henadzi Palchyk, Valery Baradzenia, and Natallia Bandarenka

4.1 General Overview of the Country

Belarus is located on the line between two Christian denominations—Orthodoxy in the East and Catholicism in the West. Naturally, the country is sensitive to influences from the East as well as from the West. This sensitivity has influenced the conformation of such Belarusian traits as national and religious tolerance and hospitality. In fact, the Belarusian society has always believed that "*all people are born free and equal in their dignity and rights*" and that "*they have reason and consciousness and should treat each other in a spirit of brotherhood*". This notion of tolerance also extends to the way of life, customs, ideas, values, feelings, and behaviour, and it is clearly depicted in the stereotypes and folklore of the nation. These national peculiarities have also determined the transition from the

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Soviet system of civil service to the system of the sovereign Belarusian state.

The territory of Belarus is 207,600 km^2. Its population is 9,475,200 people (1 January 2019), of which 78 per cent lives in urban areas and has an anticipated life expectancy of 74.4 years. The population comprises 83.7 per cent Belarusians, 8.3 per cent Poles, 3.1 per cent Ukrainians, 1.7 per cent Jews, and 3.2 per cent other ethnic groups (Census 2009). The official languages are Belarusian and Russian. The working population is 4.35 million people (2017).[1] The unemployment rate is 0.77 per cent (e.g. 33,700 people), as officially registered in 2017.[2]

4.2 Historical Development of Belarus

The history of Belarus dates back to the Stone Age.[3] The first signs of settlements in ancient Belarus date back to between 100,000 and 35,000 years ago. The most significant Stone Age settlements have been discovered in the Gomel Region. Sites discovered in the village of Berdysh (Chechersk area) date back 23,000–24,000 years. Ancient cultural relics have also been discovered in the Mogilev, Grodno, and Minsk regions. Table 4.1 presents the timeline of historical events that have shaped the country.

4.3 Political, Administrative, and Economic Aspects

On 8 December 1991 Belarus became an independent and sovereign state at a meeting that took place among the Heads of the Russian Federation and of Belarus and Ukraine in Viskuli (Brest Oblast). Just over two years later—on 15 March 1994—the Constitution of the Republic of Belarus was adopted by the Supreme Council of the Republic, which

[1] Employment figures by economic activity (2017): industry, 23.4 per cent; agriculture, hunting and forestry, 9.6 per cent; construction, 6.7 per cent; transport and communication, 6.7 per cent; trade, auto service, household appliances and personal goods repair, 14.5 per cent; education, 10.3 per cent; and other, 28.8 per cent.

[2] The unemployment rate has been consistently low through the period since the country became independent.

[3] 100,000 B.C–3000 B.C.

Table 4.1 Timeline of historical events

Time period	*Historical event*
VII BC to 1994 AD	
VII–Vi centuries BC	Artefacts dating back to the Bronze Age have been found in various settlements across Belarus
VIII–VII centuries BC to VIII century AD	In the Iron Age and during the Middle Ages, three main settlements existed in Belarus around the major rivers' basins (Dnieper, Dvina and Pripyat), which were the centres of three distinct cultures (Milogradskaya, Pomorskiy and Dnieper-Dvinskiy)
VII–XII AD centuries	First states were formed on Belarusian territory. Prior to this period Belarus was colonised by the Slavs, who eventually settled over the entire region, replacing the earlier Baltic population and culture
VI–IX AD centuries	East Slavs formed the first political associations—the unions of tribes. First recorded accounts In the IX century reveal the existence of the Polotsk and the Polotsk Duchy in the area of modern Vitebsk and the northern part of the Minsk regions. They remained the dominant force in the region until the XII AD century
XIII–XVI centuries AD	The Grand Duchy of Lithuania, Rus and Samogotia was established. The Grand Duchy was a powerful state spanning across Lithuania, Belarus, the Kiev, Chernigov and Volyn areas of Ukraine, and western Russia from the Baltics to the Black Sea.[4] In 1569, the Grand Duchy and the Kingdom of Poland signed the Union of Lublin Agreement. Through this, the Duchy and the Crown united into a federative state on equal terms—the Polish Commonwealth (*Rzecz Pospolita*). This event signified the beginning of a new chapter in Belarusian history
1569–1795 (*Rzecz Pospolita* period)	A particular turbulent period in Belarusian history. The country was drawn into wars with Russia in 1654–1667, and with Sweden and Russia in 1700–1721 (the North War). These protracted wars weakened the state resulting to losing its independence. In 1772, the western provinces of Belarus were annexed to the Russian Empire and then in 1795 the Polish Commonwealth was divided between Russia, Austria, and Prussia

(continued)

[4] The Grand Duchy rose to power under the reign of Mindovg (Mindaugas) in the XIII century AD and it began to lose its grip after a number of wars in the XVI century.

Table 4.1 (continued)

Time period	*Historical event*
1772–1917	As a result of the division of the Polish Commonwealth, Belarus became part of the Russian Empire and a policy of russification was pursued across the land. In the 1880s the revolutionary organisation "*Gomon*" was established by Belarusian students in Saint Petersburg. Gomon was the precursor of the first Belarusian national political party the "*Gromada*", formed in 1903. The Stolypin agrarian reform began in 1906 and mass displacement of the peasant class between 1906 and 1916 saw more than 335,000 people move from Belarus to Siberia
1914–1918	During 1915 and 1916 Belarus was the scene of bloody battles between German and Russian forces. On 3 March 1918, the Treaty of Brest-Litovsk was signed marking Belarus's exit from World War I. However, Belarus remained occupied by the Germans until December 1918
1917–1919	The Bolshevik revolution in Russia resulted in the abdication of Tsar Nikolas II in March 1917 and the Bolsheviks seizing power in November 1917. In March 1918, the Belarusian People's Republic declared its independence, which lasted until the German withdrawal later that same year. The Belarusian Soviet Socialist Republic was created on 1 January 1919
1919–1921	The Russian–Polish War broke out. The Riga Peace Treaty in 1921 resulted in the partitioning of Belarus between the Belarusian Soviet Socialist Republic and Poland
1921–1928	The New Economic Policy (NEP) was introduced across Belarus. The Polish part of Belarus was developed under the policy of "Polonisation". In 1922 the Belarusian Soviet Socialist Republic became part of the Union of the Soviet Socialist Republics (USSR)
1932–1933	Outburst of a country-wide famine as a result of Soviet economic policies and the introduction of collective farming (*Kolkhoz*)
1936–1940	The Great Purge. More than 86,000 Belarusians suffered political oppression and over 28,000 were sentenced to death at Kuropaty Camp near Minsk. On 17 September 1939, two weeks after the outbreak of World War II, the Red Army moved into West Belarus
1941	The start of the Great Patriotic War in Belarus. In June and July 1941, the resistance in Brest against German invaders lasted for 6 weeks (the city was occupied until the Soviet troops liberated it in 1944). By September 1941 Belarus was fully occupied by the German Army. Invaders started to establish a so-called "new order" based on terror. In June 1941, the Germans established the Minsk Ghetto for Belarusian, German and Czech Jews. Mass executions of prisoners from the Minsk Ghetto in Tuchinki occurred until October 1943. At the end of 1941, the Belarusian partisan movement began, eventually becoming the biggest resistance movement in Europe until 1944

(continued)

Table 4.1 (continued)

Time period	*Historical event*
1943	German General Commissioner Kube was assassinated in Minsk
June–July 1944	Operation Bagration resulted to the liberation of the Belarusian Soviet Socialist Republic by the Red Army from its fascist invaders. On 3 July 1944. Minsk was liberated
February 1945	A Yalta Conference decision led to the expulsion of Poles from western Belarus
May 1945	It marks the end of the Great Patriotic War of the Soviet people against the fascist aggressors
1945	Belarus becomes a member of the United Nations Organisation
1954	Belarus joins the United Nations Educational, Scientific and Cultural Organisation (UNESCO)
April 1986	The Chernobyl nuclear reactor disaster pollutes large areas of Belarusian territory
July 1991	On 27 July 1991, the Supreme Council of the Belarusian SSR adopted the Declaration of State Sovereignty of the Belarusian Soviet Socialist Republic
August 1991	On 25 August 1991, the Declaration of State Sovereignty of the Belarusian Soviet Socialist Republic became constitutional law. This act virtually proclaimed the independence of the Belarusian SSR
September 1991	On 19 September, the country adopted its new name: The Republic of Belarus
1995–to date	
14 May 1995	Parliamentary elections and a referendum were held; first in the history of independent Belarus. Referendum results provided equal status of the Russian and Belarusian languages, introduced a new national flag and a national emblem of the Republic of Belarus; economic integration with the Russian Federation was initiated
7 June 1995	The new National Flag and Emblem were approved by Presidential Decree
2 April 1996	Presidents of Belarus and of Russian Federation—Alexander Lukashenko and Boris Yeltsin respectively—signed the Treaty establishing the Community of Belarus and Russia
19–20 October 1996	The first All-Belarusian People's Congress convened, where representatives from all over the country gathered to discuss main directions of social and economic development of the country
24 November 1996	Referendum held on amendments and addenda introduced on the Constitution of the Republic of Belarus aimed at creating a bicameral parliament and expanding presidential powers. Furthermore, Independence Day was moved to 3 July commemorating Belarus' liberation from the Nazi invaders during the Great Patriotic War

(continued)

Table 4.1 (continued)

Time period	*Historical event*
1 April 1997	Presidents of Belarus and Russian Federation—Alexander Lukashenko and Boris Yeltsin respectively—signed the Treaty establishing the Union of Belarus and Russian Federation (this date is celebrated as the Day of Unity of the Peoples of Belarus and Russian Federation
8 December 1999	Treaty to establish the Union State of Belarus and Russia signed, and an action programme for its implementation was adopted
10 October 2000	Belarus, Kazakhstan, Kyrgyzstan, the Russian Federation and Tajikistan signed the Treaty establishing the Eurasian Economic Community (EurAsEC)
27 November 2009	Customs Union was created among Belarus, Kazakhstan, and the Russian Federation
18 November 2011	Declaration on the Eurasian Economic Integration was adopted setting up the Single Economic Space (it came into effect on 1 January 2012)
22 July 2012	Belarusian satellite (BKA) launched into space from the Baikonur space launch site, aimed at enabling remote sensing of the Earth
29 May 2014	Eurasian Economic Union (EEU) Treaty signed in Astana—Nur-Sultan, nowadays—by Belarusian President Alexander Lukashenko, Kazakh President Nursultan Nazarbayev and Russian President Vladimir Putin (it came into effect on 1 January 2015)

introduced the institution of the Presidency. The first presidential elections in the newly independent republic were held in the same year. Alexander Lukashenko was elected as the first President of the Republic and inaugurated to the position on 20 June 1994.

4.3.1 Executive Power

Belarus is a presidential republic. The head of state is the President of the Republic of Belarus. The President is the guarantor of the Constitution, and the rights and freedoms of citizens. The President personifies the unity of the people, guarantees the implementation of the main directions of domestic and foreign policy, represents the Republic of Belarus in relations with other states and international organisations. The President takes measures to protect the sovereignty of the Republic of Belarus, its national security, and territorial integrity. One of the main functions

entrusted to the President is to maintain political and economic stability in the country. The President is elected for five years directly by the people of the Republic of Belarus on the basis of universal, free, and equal suffrage.

Executive power in the Republic is also exercised by the Government—the Prime Minister and the Council of Ministers, and it constitutes the central body of state administration. The Government is accountable to the President and responsible to the Parliament. The government resigns its powers to the newly elected President of the Republic of Belarus.

4.3.2 Legislative Power

Legislative power is exercised by a bicameral parliament—the National Assembly of the Republic of Belarus, which comprises the House of Representatives (lower house) and the Council of the Republic (upper house). The House of Representatives consists of 110 deputies, who are elected in constituencies representing the interests of citizens. The term of office for parliamentarians is four years. The Council of the Republic is a body of territorial representation and consists of 64 members. Eight members are elected from each of the six regions and the city of Minsk respectively, at meetings of deputies in each regional administration—56 representatives in total. Another 8 are appointed by the President.

Legislative acts may be initiated by the President, Deputies of the House of Representatives, the Council of the Republic, and the Government, as well as by at least 50,000 citizens, who are eligible to vote. However, in the recent history of Belarus, there have been no cases or even attempts to initiate legislation by citizens' petition. Nevertheless, the mechanism exists and is available to the citizens of Belarus.

4.3.3 Judicial Power

The judicial authority in the republic rests with the courts. The court system is based on the principles of territoriality and specialisation. The judicial system consists of the Constitutional Court and a system of courts of general jurisdiction. Review of the constitutionality of normative acts in the state is exercised by the Constitutional Court of the Republic of Belarus. The Supreme Court is a leading court of general jurisdiction and a supreme judicial body which handles civil, criminal, administrative, and economic cases. Control over the constitutionality of regulations in the state is exercised by the Constitutional Court of the Republic of Belarus.

4.3.4 *Administrative-Territorial Division*

The territory of Belarus is divided administratively into regions, districts, towns, and settlements. Each of these administrative units is governed by a Council of Representatives and an executive and regulatory Authority. The country is divided into six regions and the city of Minsk (of republican subordination). The regions and the city of Minsk differ significantly in size, geography, demographics, system of settlements, and industrial and socio-economic potential.

Likewise, district and village councils within the regions differ substantially in numbers as well as in size. The average size of a district is 17,600 sq. km. However, out of 118 districts, ten cover an area of up to 1000 sq. km, and another 15 are no more than 2500 thousand sq. km. These six regions have remained unchanged since 1960 and districts since 1966. Only the number of cities and towns, and their subordination to regions or districts has changed since. However, between 2010 and 2018, the number of local government administrative units changed. 128 village councils and executive committees changed (9.9 per cent of the total); and 37 village councils and executive committees were abolished (66.1 per cent of the total). Furthermore, at the city administration level, two city councils and executive committees were abolished (16.7 per cent of the total). During this period, the total number of administrative units of all three levels of administration were reduced by 113 units, from 1495 to 1382 (a 7.5 per cent reduction) (Table 4.2).

Table 4.2 Regions and districts of Belarus by population (01.01.2019)[5]

Regions	*Population*	*Districts*	*Population*
Brest	1,380,300	Brest	348,000
Vitebsk	1,171,600	Vitebsk	378,000
Gomel	1,409,900	Gomel	536,000
Grodno	1,039,300	Grodno	371,000
Mogilev	1,052,900	Mogilev	381,000
Minsk	1,428,500	Minsk (capital city)	1,992,700

Source National Statistical Committee of the Republic of Belarus (2019)

[5] http://www.belstat.gov.by/ofitsialnaya-statistika/ssrd-mvf_2/natsionalnaya-stranitsa-svodnyh-dannyh/naselenie_6/chislennost-naseleniya1_yan_poobl/.

4.3.5 Local Government and Self-Government

According to Article 117 of the Constitution of the Republic of Belarus, citizens exercise their rights over local government and self-government through local councils of deputies, and executive and administrative bodies, bodies of public territorial self-government, local referenda, assemblies, and other forms of direct participation in state and public affairs. In this sense, local governance is a form of organisation and activity of local executive and administrative bodies to resolve social, economic, and political issues of local importance based on the national interest and the interests of citizens, directly or through their elected bodies, taking into account the peculiarities of their localities, and using their own material financial means and other funds that may be able to attract. The unified system of local government bodies on the territory of the Republic of Belarus consists of: regional, district, city, village, rural executive committees, and local administrations.

The local governance system includes: local Councils of Deputies; bodies of territorial public self-governance. The exclusive competence of local Councils of Deputies includes: (i) approval of programmes for economic and social development; (ii) local budgets' execution and monitoring of their implementation; (iii) establishment of local taxes and fees in accordance with the law; (iv) determination, within the limits established by law, of the procedure for management and disposal of communal property; and (v) organisation of local referenda.

In the Republic of Belarus, three types of Councils exist: primary, base, and regional. The primary type includes the Councils at rural, settlement, and urban (cities of district subordination) levels. The basic type includes the Councils at the urban (cities of regional subordination) level. The regional type includes the Councils at the regional territorial level. Minsk City Council has the rights of the basic and regional Councils.

The executive and administrative body on each of the three territorial levels—region, district and city, and town and village—is the executive committee having the rights of a legal entity. The executive committees are also divided into three levels: primary (rural, settlement), urban (cities of district subordination), and basic (regions, cities of regional subordination). Executive committees comprise the Chairman, Deputy Chairmen, Managing Director, and Members of the executive committee. The Executive Committee makes decisions within the limits of its powers. The decisions of the executive committee are taken at its meeting by a simple majority

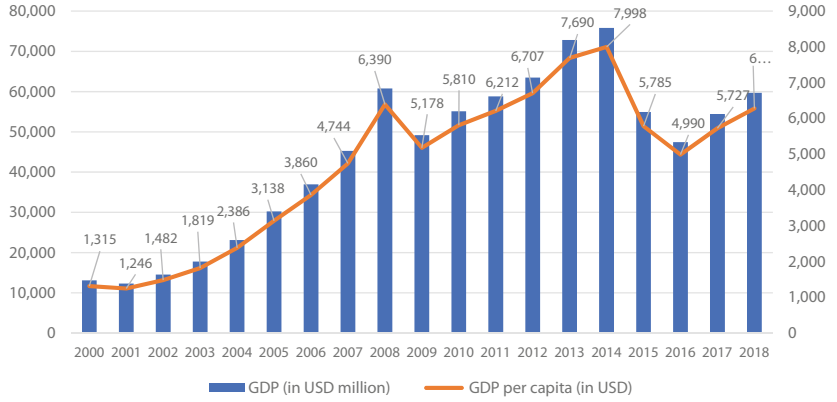


Fig. 4.1 GDP and per capita in Belarus 2000–2018 (in USD) (*Source* http://www.minfin.gov.by)

of votes of the full membership by secret or open ballot, including by roll call. The form of voting is determined in accordance with the procedure established by the regulations of the executive committee.

4.3.6 Economic Matters

The country's GDP has increased considerably between 2000 and 2018. In fact, the GDP per capita is almost seven times larger in 2018 than what it was in 2000. Figure 4.1 shows the country's GDP, as well as the per capita GDP over the last eighteen years.

The main industrial sectors active in the country are metallurgical and metal products and machinery manufacturing, chemicals and petrochemicals, consumer goods, and food processing. The agricultural sector specialises on crops, potatoes, vegetables, sugar beets, flax, and dairy and meat products.[6] The main natural resources of the country consist of timber, granite, dolomite, lime rock, clay and sand, peat, potassium and rock salt, and oil and gas.[7] The country produces more than it can consume, thus its economy

[6] Agricultural activity utilises 8,582,000 hectares, as of January 2016.

[7] http://www.belarus.by/ru/about-belarus/key-facts2. The unemployment rate has been consistently low through the period since the country became independent.

Table 4.3 Exports/imports structure

Commodities	*Exports (%)*	*Imports (%)*
Mineral goods	24.6	29.0
Chemical products, rubber, chemical fibres	18.4	14.6
Vehicles, machinery	18.1	23.1
Ferrous and precious metals, goods made of	7.0	10.0
Raw and processed food	16.6	13.2
Other	15.3	10.1

Source https://www.belarus.by/ru/about-belarus/key-facts

is export-oriented.[8] Table 4.3 presents the export and import commodities structure and their contribution to economic activity.

4.3.7 Belarus Rankings in International Indices

Belarus scored 0.817 points on the Human Development Index (HDI) placing the country 50th in the world. This means that the country is among the developed countries with respect to human development (Fig. 4.2).

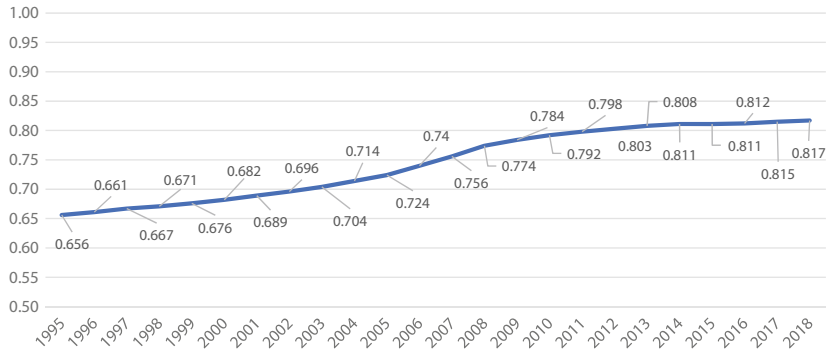


Fig. 4.2 Human Development Index scores (1995–2018) (*Source* http://hdr.undp.org)

[8] http://www.belstat.gov.by/ofitsialnaya-statistika/realny-sector-ekonomiki/vneshnyaya-torgovlya/.

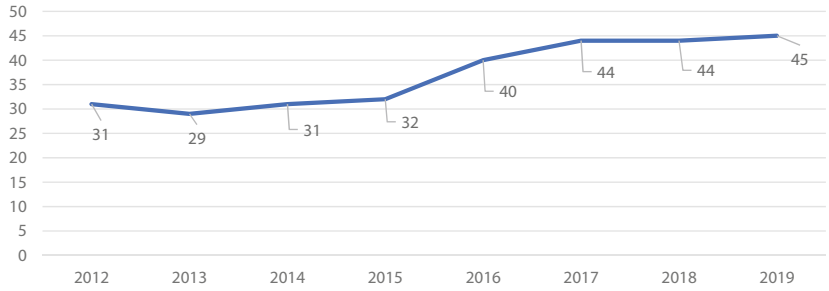


Fig. 4.3 Corruption Perception Index scores for Belarus (2012–2019) (*Source* https://www.transparency.org/en/cpi/2019/results/blr)

Belarus is the 66th least corrupt nation, among 180 countries, according to the 2019 Corruption Perception Index published by Transparency International. Its score in 2019 was 45, considerably higher than 2012, when it was standing at 31. Thus, it seems that the situation has been improving over the course of the past seven years (Fig. 4.3).

Belarus ranked 68th out of 128 countries in 2020 on the World Justice Project Rule of Law Index. Its overall score stands at 0.51, which is equal to the regional average, placing it at the 6th place among the fourteen countries of the region. Its score, however, has slightly deteriorated over the past five years (Fig. 4.4).

Last but not least, Belarus occupied the 38th position on the World Bank Ease of Doing Business Index.

4.3.8 State Budget Matters

The composition of the state general budget confirms the social orientation of the Belarusian state. Sufficiently high social benefits are provided as a priority. Figure 4.5 presents the structure of the consolidated general budget.

The revenues and expenditures of the consolidated budget are distributed between the republican and local budgets according to legislatively fixed rules. The Budget Code of the Republic of Belarus establishes the distribution of income between the republican, regional, basic, and primary levels of budgets, along with the authority to finance expenditures. More than half of the revenues of the consolidated budget

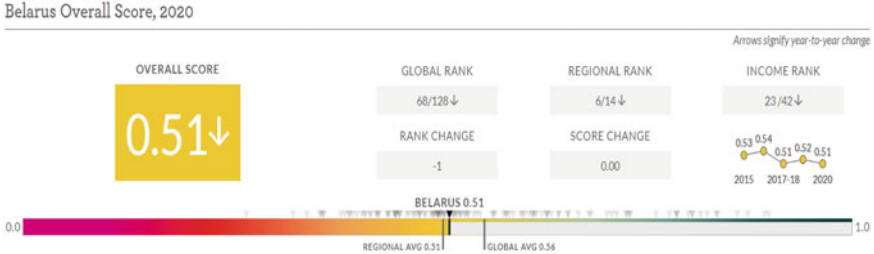


Fig. 4.4 World Justice Project Rule of Law Index (*Source* https://worldjusticeproject.org/rule-of-law-index/country/Belarus)

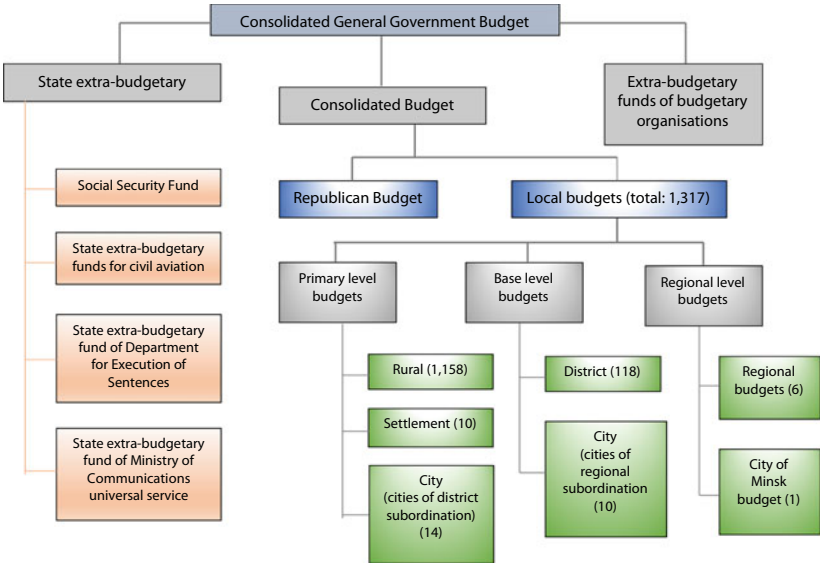


Fig. 4.5 Structure of the consolidated general government budget (*Source* http://www.minfin.gov.by/upload/bp/budjet/budjet2018.pdf)

are revenues of the republican budget. However, after funds are transferred from the state budget to the regions' budgets, through intergovernmental transfers, the income ratio changes in favour of local budgets. For instance, part of the income of regions with a budget surplus, e.g. Minsk is redistributed to regions with a budget deficit, e.g. regions affected by the Chernobyl disaster. With respect to other revenue sources, the state budget also includes resources from several target funds, e.g. the national development fund, the republican innovation fund, and the republican road fund. Conversely, local government budgets are enhanced through local innovation funds.

Figure 4.6 shows the consolidated budget expenditures for 2018 broken down by policy area. It also presents an additional breakdown of social policy outlays, as they represent a high proportion of budget spending, 44.3 per cent of the total.

Figure 4.7 depicts the consolidated budget expenditures for 2018 by source of funding, i.e. whether expenditures—broken down by functional

classification—are financed by the republican budget or from local ones. The figure reveals that the republican budget part constitutes a major part of financing—over 50 per cent—in such areas as social policy (65.2 per cent), environmental protection (87.7 per cent), and the national economy (61.4 per cent). Two additional areas are also almost fully financed by the republic budget, i.e. judiciary and law enforcement (95.3 per cent) and national defence (99.4 per cent). Conversely, local budgets finance the majority of expenditures in four functional areas, i.e. education (84.3 per cent), health care (81.2 per cent), sports, culture and media (62.4 per cent), and housing and utilities services, including housing construction (98.8 per cent). Such a distribution of responsibility allows for considerable influence of local authorities over some crucial policy areas, and by extension of the local populations.

Figure 4.8 presents the allocation of local budgets to functional areas under their responsibility. Education (29 per cent) and healthcare (24 per cent) make over half of the expenditures of local budgets.

The number of faculty members of higher education institutions (Table 4.4) and secondary schools (Table 4.5) is also characterised by dynamics similar to that of the number of civil servants (Fig. 4.9). At the same time, the number of doctors (Table 4.6) is growing, which is primarily due to the aging of the population and the need to maintain social standards. Teachers and doctors are not public servants, but their activities are mainly financed from the national budget.

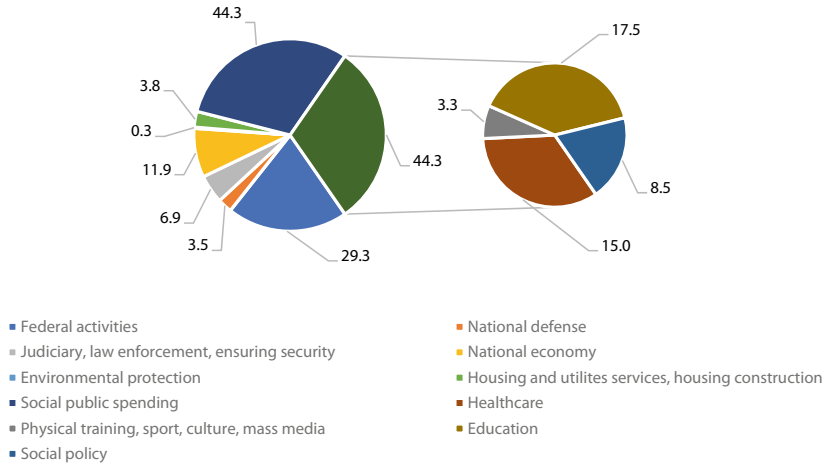


Fig. 4.6 Consolidated budget expenditures (2018) (*Source* http://www.minfin.gov.by/upload/bp/doklad/2020/yj2020.pdf)

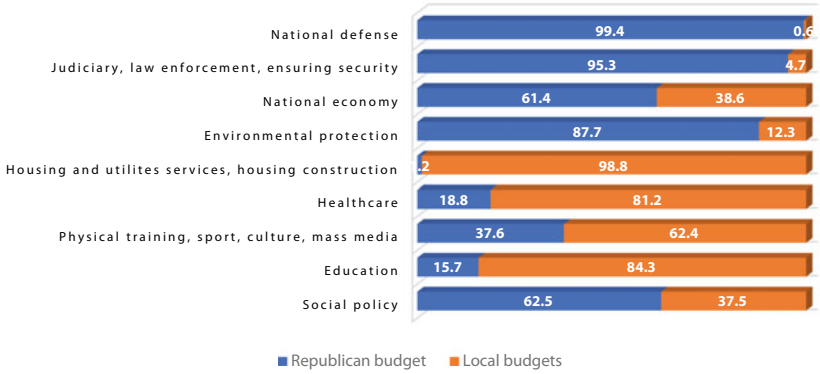


Fig. 4.7 Structure of the consolidated budget expenditures by functional classification (2018) (*Source* http://www.minfin.gov.by)

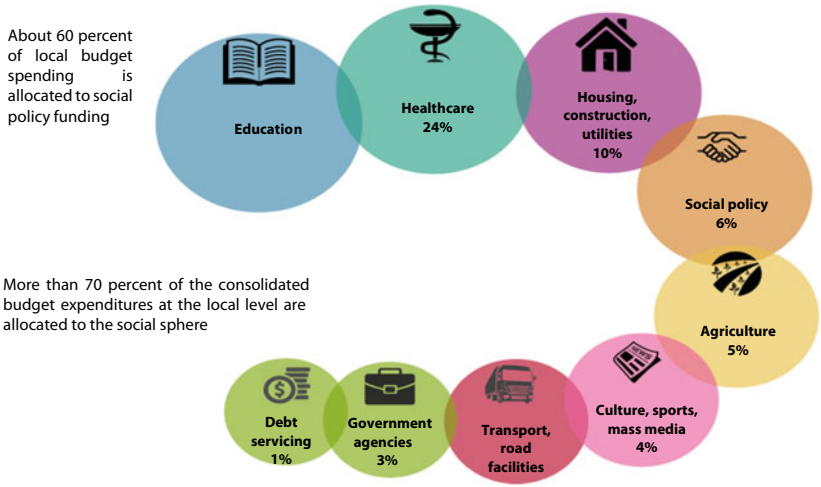


Fig. 4.8 Structure of local budget spending (2018) (*Source* http://www.minfin.gov.by/upload/bp/budjet/budjet2018.pdf)

Reduction in the number of teachers and increase in the number of doctors corresponds to the main demographic trends in the country.

Table 4.4 Number of faculty members of higher education institutions

Faculty members of higher education institutions	*2011/12*	*2016/17*	*2017/18*
Faculty, total	24,673	21,623	20,871
Of which women	13,795	11,822	11,465
Of the total number who are doctors of sciences	1,375	1,337	1,338
Candidates of sciences	9,072	8,505	8,368
Professors	1,310	1,179	1,175
Associate professors	7,469	7,318	7,220

Table 4.5 Number of teaching staff of institutions of secondary specialised education

	2011/12	*2012/13*	*2014/15*	*2015/16*	*2016/17*	*2018/19*	*???*
Total number of teachers	13,438	13,087	12,178	12,175	12,104	12,311	11,913
Full-time teachers	11,085	11,007	10,158	9,889	9,802	9,902	9,743
Of which women	8,277	8,289	7,789	7,641	7,588	7,626	7,511

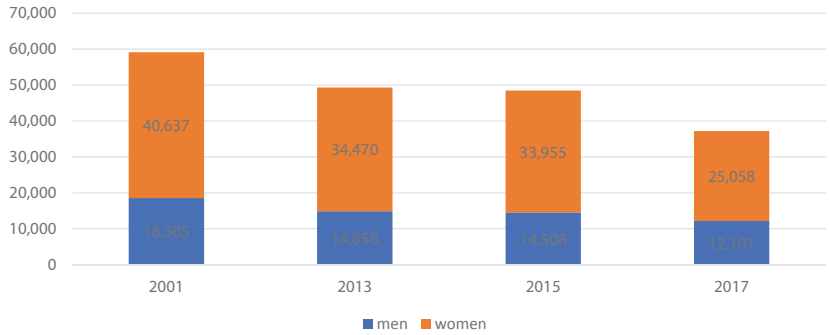


Fig. 4.9 Number of civil servants (*Source* https://www.belstat.gov.by/upload/iblock/844/8444d474777fed5cfb71521f4ee41c34.pdf)

Table 4.6 Number of practicing doctors

	2011	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*
Total	35,936	36,759	37,281	38,671	40,366	41,517	42,038
Total per 1000 population	38	38.8	39.4	40.8	42.5	43.7	44.3

4.4 Public Service Delivery Reform

One of the positive experiences in public service delivery has been the application of the "one-stop-shop" principle. In order to simplify the everyday life of its people, the Government has initiated a series of legal measures against "red-tape". The President has demanded that public agencies and other authorities involved in public service delivery should meet the people's needs and requirements by extending proper treatment to them. In this regard, the Law "On the Basics of Administrative Procedures" was adopted in 2008.[9] Implementation of the Law aimed at the establishment of "one-stop-shops" around the country to provide services to the public.

This effort aimed at simplifying procedures for the issuance of various kinds of certificates and other documents, as well as the provision of certain legally significant activities. This public service modality has changed the process through which most citizens in the republic receive public services. For example, if people need a certificate, they are often unaware of what needs to be done, because the relevant information is scattered in a number of legal documents, e.g. laws, decrees, ministerial regulations, executive committee orders, etc. Thus, all legal information pertaining to a given issue is currently consolidated into one document, which contains all that is necessary for a person must know before an application is submitted. By consulting one document only, a person gets a realistic picture of what needs to be done, where to go, what certificate to receive, and how much should pay for the particular service. Such practice aims at ensuring that citizens are served in an integrated manner, thus avoiding dealing with multiple government agencies and departments in obtaining a required public service.

[9] Law of the Republic of Belarus for the Civil Service "On the Basics of Administrative Procedures", № 433-З (28.10.2008).

Furthermore, the Law prohibits demanding any additional documents from citizens except those listed in the relevant legal act. As a result, maintenance and service departments, housing and utilities' services, or executive committees are to collect any additional documents themselves from the relevant authorities. It is against the law to request an applicant to submit any documents. The one-stop principle in practice pre-supposes these procedures, if the organisation can obtain them by themselves, e.g. register abstracts that may be accessed through registry access data banks. The Law also clearly defines the time frame for the issuance of certificates and other documents. For example, certificates need to be issued within 15 days, or for other matters government agencies are allotted up to 30 days to perform the service, e.g. an examination. However, any documents requested from abroad are excluded from this time frame.

4.5 Civil Service Development

4.5.1 General Information

Reform of the civil service started soon after independence and it is still an on-going process. The main factors that determined the structure of the civil service are the administrative and territorial division and the government structure that exists in the country. The number of civil servants has also been determined by the system of governance and public authorities in place. The system also considers that government ownership of property is dominant, and that industrial specialisation is maintained. This means that the structure of the system, which had been formed in the BSSR is significantly preserved. Despite a significant development of the private sector, the largest enterprises are still state-owned, and they still retain their industrial specialisation.

The country is systematically working to streamline the civil service, by reducing the number of state administration staff. The changes in numbers that have taken place between 2001 and 2017 are shown in Fig. 4.9. It can also be seen that about two-thirds of all public servants are women.

Figure 4.10 depicts the distribution of public servants by age groups. It is noticeable that the distribution is skewed towards older age civil servants. This is due to the fact that most often people who already possess a certain work experience get into the civil service. However, since

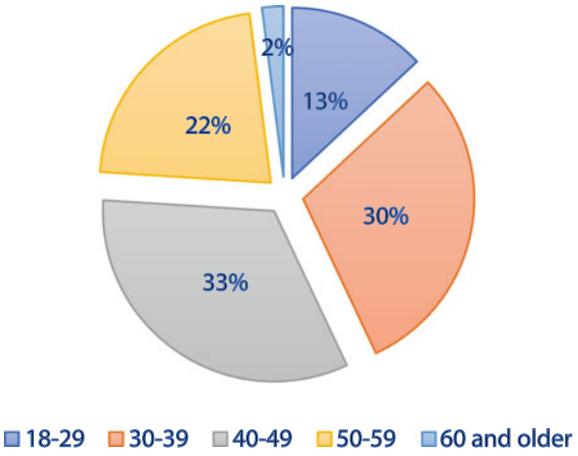


Fig. 4.10 Distribution of civil servants by age (*Source* https://www.belstat.gov.by/upload/iblock/844/8444d474777fed5cfb71521f4ee41c34.pdf)

the existing age structure distribution poses significant risks to the sustainable staffing of the public service, attracting young people is a very crucial task.

The Law "On the Civil Service" states that the civil service is a professional activity of public service providers, who possess the public authority to ensure that the functions of government organisations are promptly implemented.[10] It also states that a civil servant is a citizen of the Republic of Belarus who, in accordance, with the legally established procedures, holds a public office position with the appropriate authority to perform official duties for monetary compensation from the republican or a local budget or other sources of funding provided by the legislation.

4.5.2 Features of the Organisation of the Civil Service

The civil service of Belarus adheres to, and conforms with, the following principles and conditions:

[10] Law of the Republic of Belarus № 204–3 (14.06.2003), as amended on 23.07.2019 by Law "On civil service in the Republic of Belarus", which was further amended and supplemented, before entering into force on 28.01.2020.

- Supremacy of the Constitution of the Republic of Belarus;
- Serving the people of the Republic of Belarus;
- Legality;
- Priority of human and civil rights and freedoms, guarantees of their implementation;
- Humanism and social equity;
- Unity of the civil service system and its differentiation based on the separation of powers principle: legislative, executive, and judicial;
- professionalism and public servants' competence;
- Civil servants' accountability and administrative liability; personal responsibility for negligence;
- Voluntary entry of citizens into the civil service;
- Citizens' equal access to any civil service positions; career promotion on the basis of professionalism and competencies;
- Stability of the civil service in order to ensure the continuity of power; and
- Economic, social, and legal protection of civil servants.

A public office position is established in accordance with the legal framework, e.g. the Constitution, the current law on the civil service, and other legislative acts. It is established in accordance with the prevailing legal procedures as a full time staff position in a state body, which exercises and enforces the powers of the state body.[11] Each public office position corresponds to a civil service rank. Civil service is divided into 12 ranks, with 1st the highest and 12th the lowest.

4.5.3 Levels of Organisation of the Civil Service and the Rights and Obligations of Employees

The position of the Prime Minister of the Republic of Belarus, the Chairman of the Council of the Republic of the National Assembly of the Republic of Belarus, the Chairman of the House of Representatives of the National Assembly of the Republic of Belarus, the Head of the Administration of the President of the Republic of Belarus, the State Secretary of the Security Council of the Republic of Belarus, the Chairman of the

[11] Technical maintenance jobs in state bodies are not considered to be civil service positions.

State Control Committee of the Republic of Belarus, the Chairman of the Board of the National Bank of the Republic of Belarus, the President of the Republic of Belarus, their deputies, as well as the heads of regional and Minsk city executive committees correspond to the highest rank. Ministers of the Republic of Belarus may also be assigned the highest rank, if stipulated by law.

The assignment of ranks is carried out by the following regulations:

- The President of the Republic of Belarus assigns ranks to senior officials of the republican bodies;
- Chairmen of the regional and Minsk city executive committees and other officials are appointed to the post by the President of the Republic of Belarus;
- The Prime Minister of the Republic of Belarus may assign ranks to civil servants of the republican bodies appointed by the Government of the Republic of Belarus upon the approval of the President;
- The Chairmen of the regional and Minsk city executive committees may assign ranks to the Chairmen of the city and district executive committees and to the heads of local administrations;
- Assignment of ranks is carried out in a sequential order in accordance with the current position, the previous rank, civil servants' qualifications, job tenure in public administration, through procedures and on conditions stipulated by law;
- Civil servants of the 12^{th} to 10^{th} rank may earn a higher rank after one in office. For those of 9^{th} to 7^{th} rank after being in the position for at least two years and for the 6^{th} to 4^{th} rank after being in the position for at least three years. Other civil servants' ranks are not limited by a term; and
- Civil servants awarded the title of "the Hero of Belarus", orders and medals of the Republic of Belarus and the USSR may be assigned one higher rank (the highest is excluded). An exception applies to those who have been awarded commemorative medals of the Republic of Belarus and the USSR, and civil servants who were awarded the honorary titles of the Republic of Belarus and the USSR.

Early promotion to a higher rank (but not more than one) is carried out on the basis of merit. For those, who enter the civil service for the first

time, a rank is assigned after six months from the date of their appointment. Holders of a civil service position may be assigned a higher rank no later than one month since their appointment to a public office. A rank assignation is registered in public servants' work record books. In cases where civil servants perform their official duties improperly or they violate labour discipline and disregard official ethics, their rank may be reduced, however not more than one. Civil servants subject to disciplinary action are not allowed to move to a higher rank until disciplinary action ceases. Civil servants who voluntarily move to a lower position or return to the civil service after resignation or retirement, they retain their last assigned rank.

Civil servants have the right to:

- have a written description of their official duties and they are provided with the appropriate conditions to perform their work;
- participate in the decision-making process in accordance with their official duties;
- visit different public institutions in accordance with the rules;
- access information from citizens, state bodies, and other organisations to perform their official duties;
- participate in advanced training and retraining at the expense of the relevant budget or funds provided by the law in order to be promoted or be assigned to a higher rank;
- receive a salary and other monetary and non-monetary incentives stipulated by law, as well as enjoy social insurance and pension upon retirement;
- participate in a public selection procedure for filling vacant positions;
- access publications and reports related to the performance of their official duties, in accordance with this Law or other legislative acts;
- familiarise themselves with documents and records in their personal profiles before they are updated; and be able to provide written comments in response to any upcoming update in their personal files;
- request an internal investigation to refute any information damaging their honour, dignity, or reputation;
- command respect for their personal dignity, and a fair and respectful attitude from senior officers, officials, and citizens;
- refuse to execute an order if it is against the law;
- enjoy freedom of association, (except for those cases that are not congruent with the Constitution of the Republic);

- enjoy healthy and safe working conditions; and
- resign on the grounds stipulated by law.

Civil servants have other rights that are stipulated by law. They have the right to apply to higher level state organisations and/or to the courts to resolve any disputes related to their civil service status, including for: entering the civil service, exercising their rights and powers, transferring to another public office, disciplinary or financial responsibility, non-compliance with their guaranteed legal and social protection, dismissal and other issues as stipulated by law.

Conversely, civil servants are obliged to:

- support the constitutional order of the Republic of Belarus, ensure strict compliance with the norms of the Constitution and other legislative acts;
- perform their official duties within the powers granted by the legislation;
- comply with restrictions related to civil service;
- ensure the observance and protection of the rights and legitimate interests of individuals and legal entities;
- execute managerial orders, commands, and instructions issued within their specific competence, in accordance with the law;
- comply with professional ethics and the code of good practice;
- prevent any actions that may defame or damage the image of the civil service;
- comply with the established state body regulations, internal labour regulations, official positions and instructions, and procedures for handling official information;
- treat citizens and legal entities impartially, and resolve their issues within their official powers and a reasonable time frame;
- keep public secrets during their job tenure and after the termination of civil service office[12]; and
- support and maintain the necessary level of qualifications for performing their duties effectively.

[12] Civil servants are not allowed to disclose any information obtained in the course of performing their official duties, affecting the privacy, honour, or dignity of citizens, and not to require such information, except for cases stipulated by law.

Furthermore, the specific duties of civil servants are determined on the basis of relevant qualification characteristics and are fixed for all official positions by instructions approved by the heads of state bodies within their competence.

Civil servants are not to:

- be engaged in business activities personally, or by any authorised trustee[s], assist close relatives in their business activities by using their official position or act as representatives of third parties on any issues related to the activities of the state organisation they are working for;
- take part personally or by any authorised trustee[s] in commercial activities, except in the cases stipulated by law;
- occupy other public positions, except in cases stipulated by the Constitution and other legislation of the Republic;
- take part in strikes;
- be engaged in any other gainful engagement during their working hours[13];
- perform any off-hour work unless it is stipulated by labour legislation;
- use their official positions in the interest of political parties, religious organisations, legal entities, or citizens, if these are against the interests of the civil service;
- use the state body's material, technical, financial, information means, property or official secrets outside their official duties;
- have accounts in foreign banks (working abroad for the state is an exception); and
- accept any foreign states' awards without the consent of the President of the Republic of Belarus.

Admission to the civil service is open to all citizens of the Republic of Belarus, who have reached the age of eighteen and speak the state languages of the Republic. There are no restrictions from entering the civil service with respect to gender, race, social origin, status, religion, and membership in political parties or other public associations barring

[13] Teaching, scientific, cultural, creative, or medical practices, carried out with the agreement of the head of the state body are exempted.

an individual from the civil service, except for some cases stipulated in the Constitution of the Republic.

Qualification requirements for being admitted to the civil service are: (i) appropriate education, except for cases where public office does not require a certain education level; (ii) professional experience in the field, except for cases it is not established for a public position; (iii) good command of the state languages of Belarus; and (iv) a sound knowledge of the Constitution and the laws applicable to the performance of their official duties. The qualification standards for public positions are determined by the Government of the Republic or by an authorised state body.

The procedures for entering the civil service are carried out in accordance with the Constitution and other relevant legislative acts. Appointment, approval, or election to a public office becomes effective by a decision, order, decree, or other types of acts of the relevant state body or official. This is also registered in the public servants' work record file in accordance with the law. Entering the public service may be preceded by a competition for public office, and preliminary testing. Individuals who enter the civil service for the first time, they need to sit a qualification examination in the manner established by the President of the Republic. Conversely, a public office appointment may be made following a competition process. Such competition is held by the relevant government body, which needs to fill vacant positions. Competitions may be open or closed. An open competition is held after the competition announcement has been published in the mass media in order to ensure equal access to all eligible citizens to participate. A closed competition is held among civil servants only, who are part of the cadre reserve.

Participants of the competitions are informed of the results in writing within a month following the completion of the competition. The competition commissions decide on granting or refusing a public office position. Candidates of competitions who are refused a public office position, but they were recommended, are added to the cadre reserve formed by the personnel departments of the relevant state organisations.

4.6 Prospects and Plans for the Future

The reform of public administration has been a constant topic of discussion among the expert community in Belarus for the past 15 years, as there is a need to improve the efficiency of public administration in the country. However, it is possible to note one positive experience, the

effective implementation of the "one-stop-shop" principle and a partial transition to electronic provision of public services. These areas are still being developed and improved.

Summarising the above analysis, the following conclusions can be made:

- The public administration system in the Republic of Belarus as a whole has coped with the tasks set, and it has ensured the stable development of the country, providing rather high social standards of life for the country's population;
- Legislative acts issued in previous years are not aimed at reforming the existing system of public administration, but rather contributing to its conservation and strengthening;
- Reducing the number of civil servants should be carried out on the basis of an adequate review of their functions, also considering the introduction of digital technologies and the transition to e-government;
- For the years 2019–2020, the task is to develop new amendments to the Law on the Civil Service of the Republic of Belarus. These amendments should basically focus on making changes to the incomes of civil servants in congruence with the growth of citizens' welfare and on significantly differentiating the income of civil servants by sector.

The main disadvantages of the existing system requiring consideration and further improvement are:

- existence of surplus of functions performed by government bodies and their duplication;
- insufficient reaction of the system to corrupt practices;
- slow introduction of new mechanisms based on digital technologies;
- lack of prestige and attractiveness of the civil service among young people, as it is not competitive in relation to other sectors of the economy;
- imperfection of the methodology for assessing the effectiveness of civil service.

Solutions for these problems are within the systemic nature and should be considered as dynamic, and constantly changing for the better:

- government activities coordination;
- improving the quality of state forecasting and programming;
- optimisation of organisational management structures by eliminating unnecessary links, duplication of work, and reducing document flow;
- civil service de-bureaucratisation and quality improvement;
- state apparatus decision-making through the use of information and communication technologies;
- state property management improvement; and
- search for new organisational forms of management.

At present (end of 2020) a broad public discussion of the future structure of the country and possible constitutional reform has begun in Belarus. Because for many years the state has given priority to economic development, there is a significant demand for changes in society, and for broader representation of all segments of society in government. For this purpose, in order to find new, more up-to-date forms of state administration, a large-scale public discussion of possible changes has been initiated and is currently in progress, while this chapter is completed.

Check for updates

CHAPTER 5

Public Service Development in Estonia: From Patronage to Meritocracy

Tiina Randma-Liiv, Cerlin Pesti, and Külli Sarapuu

5.1 Introduction

Estonia is a small country with a population of 1.325 million (2019) and an area of 45,227km^2. The country borders Latvia in the south, Russia in the east, and the Nordic countries of Finland and Sweden in the north. Estonia regained its independence from the Soviet Union on 20 August 1991. Declaration of independence led to the change of political regime, from one of communism to democracy, and from a planned to a market economy. In less than a year, a new Constitution was drafted and adopted. The first democratic elections to the Parliament (*Riigikogu*) took place in September 1992 and they signalled a sharp break from the preceding

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system. The elections were won by the nationalistic-conservative anti-communist Pro Patria Union, which ran its campaign with the slogan 'Clean the house!'. The ensuing political and economic transformation was reflected in vast administrative changes, both in terms of institutions as well as people. The public sector was downsized, many state functions were privatised; the foundations of a new organisational structure of the Estonian central government were laid and a legal-administrative framework for a merit-based public service was established (Tõnnisson and Randma-Liiv 2008).

It is significant that, in Estonia, it is not possible to talk about long historical traditions of the state and the gradual emergence of modern forms of government. Administrative affairs have for centuries been a privilege of foreign rulers—Germany, Denmark, Sweden, Poland, and Russia—with the exception of two periods of independent statehood, 1918–1940 and 1991 to date. Notably, the 1992 Constitution established the principle of legal continuity of the Republic and the early post-communist transformation took place with *re*-gained statehood in the background. When the complexity and uncertainty of the changes introduced in the early 1990s made formulation of rational reform strategies very difficult, two grand ideas—the abandoning of the soviet politico-administrative system and the restoration of independent statehood lost in 1940—played a major role in shaping the orientation of the reform path. This was later complemented by an overwhelming political aim to join the European Union (EU).

By the time Estonia started accession negotiations with the EU in 1998, the most fundamental structural reforms were over. Nevertheless, the EU with its 'conditionality'—the need to demonstrate administrative capacity and the ability to effectively apply the *Acquis Communautaire* (Grabbe 2003)—still had a transformative impact on the administrative system, its working procedures, and structural arrangements. After gaining membership in 2004, the pace and depth of administrative reforms slowed down and can be described as 'fine-tuning' of the existing system, mainly aimed at increasing cost-efficiency. During the last decade, initiatives such as enhancing strategic planning, organisational restructuring of ministries and government agencies, inculcating regulatory impact analysis, developing the mechanisms for stronger inclusion, and engagement of the social partners have been characteristic of public administration development. Although the 2008 financial crisis

hit Estonia very hard, it did not have a direct impact on administrative reforms (Savi and Randma-Liiv 2016).

In sum, despite comprehensive changes over the three decades and the need to build up a new democratic politico-administrative system, public administration reform has seldom been perceived as a political priority in Estonia. The prevalent pattern of administrative reforms has reflected the *ad hoc* basis of changes and a shortage of central steering leading to piecemeal reform initiatives (Sarapuu 2011; Savi and Randma-Liiv 2016). Though this has resulted in a relatively large number of various reforms, the implementation of changes has been neither thorough nor consistent (Savi and Randma-Liiv 2016).

Building up a professional, apolitical, and merit-based public service has been one of the major challenges of post-communist transition, both in Estonia and beyond. Public service constitutes a key element in any administrative system, especially so in new democracies. Furthermore, several post-communist countries have recently experienced reform reversal towards politicisation and centralisation of power, which clearly threaten the fundamental features of democratic governance (Randma-Liiv and Drechsler 2017). Estonia turns out to be one of the few countries with no such U-turns in public service development, and with one of the lowest politicisation levels in the region (Meyer-Sahling 2011).

This chapter aims at exploring the development of the Estonian public service system from 1991 to 2019, through different periods of post-communist reforms. Empirical information was gathered by means of desk research (e.g. legislative acts and their explanatory letters; government reports, etc) and through a literature review on the Estonian administrative reforms. The study builds partly on the empirical material collected for the EUPACK[1] case study (Pesti and Randma-Liiv 2018) and previous publications on Estonia's public service (Randma-Liiv et al. 2015; Randma-Liiv and Sarapuu 2012).

Due to Estonia's small size, geographical location, specific socio-economic context, and the general historical and cultural diversity of the ex-communist countries, it would be difficult to treat Estonia as a 'typical' case of post-communist reforms whose experience could be congruent with that of the other post-communist states. Nevertheless, the story of building and developing the Estonian public service system reflects vividly

[1] European Public Administration Country Knowledge (EUPACK); https://www.hertie-school.org/en/eupack/.

the challenges arising in the case where the existing identities, rules, and routines are delegitimised, a country needs to agree on new models, principles, and practices to make its politico-administrative system work, and different sources of reform pressures and advice play a critical role in shaping the emergence of new public sector institutions.

5.2 Political, Social, and Economic Context

Estonia represents one of the fastest political and economic transformations among the post-communist countries (Vihalemm and Kalmus 2008: 904). The sharp break with the communist past, following the first democratic elections of 1992, created a favourable ground for vast changes in the country. The right-of-centre coalition government that assumed power implemented a liberal 'shock therapy' in Estonian society and launched an overwhelming reform of the state. Estonia's development has generally been characterised as a success, especially by external observers supported by the global 'league tables'. For example, Estonia's human development index (HDI) value for 2019 was 0.882—positioning the country in the 30th position out of 189 countries evaluated.[2] The Corruption Perceptions Index of Estonia reported by the Transparency International reached an all-time high score of 73 out of 100 in 2018, making Estonia stand out among all Central and Eastern European countries. Furthermore, the economic development of Estonia—measured by the Economic Complexity Index—stands at 0.898, rendering Estonia the 26th most economically complex country among 125 rated in 2017. The country joined the European Union and NATO in 2004, the OECD in 2010, and the Eurozone in 2011.

According to the Constitution adopted in 1992, Estonia is a parliamentary democracy with a unicameral parliament (the *Riigikogu*) that performs the legislative function and oversees the executive branch. The formal head of state, the President, has mainly a representative and ceremonial role. Since regaining independence, both majority and minority governments have been in power. However, the common government configuration has been a minimal winning coalition with three political parties sharing the executive power. The Cabinet of Ministers, headed by the Prime Minister, represents the political leadership of the country

[2] http://hdr.undp.org/en/content/2019-human-development-index-ranking.

making decisions on behalf of the executive branch. Since the early 1990s until 2019, all governing coalitions have been led by liberal right- or centre-oriented parties with a strong adherence to a 'nationalist neoliberal' ideology (see also Kattel and Raudla 2013). Accordingly, the Estonian political, economic, and social development has been characterised by the domination of a neoliberal worldview (Drechsler 2004; Lauristin and Vihalemm 2009; Raudla and Kattel 2011; Sarapuu 2012a). Such ideological disposition can be explained by looking at the temporal dimension of initial public sector reforms, as well as the cultural traits of the Estonian society. On the one hand, the post-communist transformation started in the 1990s, at a time when the neoliberal doctrine guiding public administration reforms—New Public Management (NPM) was prominent in the West and it was actively promoted in post-communist countries by international organisations (Randma-Liiv 2009). On the other hand, neoliberalism coupled well with the Estonian cultural predisposition towards valuing independence and a communist legacy of distrusting the state (Realo 2013).

A similar combination of factors was also at work in shaping the structural reorganisation of the state. The combination of neoliberal ideology, fear of the possible persistence of an overwhelming one-party-controlled public administration inherited from the Soviet era and an extremely complicated task environment during the initial transition, led to the idealisation of a lean state and the emergence of a segmented politico-administrative system with a strong reliance on ministerial responsibility (Sarapuu 2012b). Although eleven ministries are of rather a small size—usually with around 200–250 employees—they function as strong administrative actors that have considerable leverage over the issues pertaining to their particular areas of governance. Policies are mostly implemented by various agencies that employ the vast majority of public sector employees and spend most of the state budget (Sarapuu 2012b).

In the last decade, the need for both vertical and horizontal integration of policy sectors and a whole-of-government approach has emerged in Estonia. It can partly be explained by the increasing evidence of problems related to the segmented administrative system, but it can also be attributed to the international post-NPM trend towards 'whole-of-government' reforms and better public sector coordination. This discussion was bolstered by the OECD Public Governance Review of Estonia

(2011)[3] that strongly questioned the administration's ability to work in a 'joined-up fashion' and made several recommendations for strengthening horizontal coordination.

A mix of different politico-administrative, economic, and cultural factors has also shaped the public service reforms, which will be explored in the following sections. The OECD review concluded that no strategic vision for public administration and its personnel management existed in Estonia (OECD 2011: 32), and pointed to the need for dealing systematically with the public service system and its values. Although argued to be one of the post-communist countries closest to NPM models (Drechsler 2004: 391), a closer look reveals that Estonia's administrative system actually represents a mix of NPM and continental legal traditions. Its administrative development has been influenced both by neoliberal ideas, as well as the pre-World War II historical inheritance and accession to the 'European administrative space' (SIGMA 1999). Although practical public management reforms have drawn lessons primarily from the UK and Nordic countries (Randma-Liiv 2005)—due to the idea of restoring the Estonian state in the 1990s and the idealised legacy of the First Republic—its administrative law has been shaped by the German example. Furthermore, Van der Wal et al. (2008: 326–328) argue that despite the general cost-efficiency- and NPM-led administrative reform discourse in Estonia, the actual public service values are more traditional in nature. According to the surveys conducted among civil servants in 2005 and 2009, the most important values in the public service were honesty, reliability, dutifulness, lawfulness, and competency, which were respected more than NPM-type values like reaching objectives, independence, and innovativeness (van der Wal et al. 2008). Consequently, through the interaction of different (at times contradictory) values and models a rather unique public service system has aroused.

5.3 Public Service Reforms

As indicated above, the contemporary Estonian administrative system has formed through several phases of development where specific drivers and motives for reforms have shaped the direction and nature of changes—from the initial post-communist transformation, over the accession to

[3] http://www.oecd.org/estonia/oecdpublicgovernancereviews-estoniatowardsasinglegovernmentapproach.htm.

the EU to the post-accession period with domestic factors regaining importance. Similar phases are also reflected in the evolution of the Estonian public service system—when looking at its development since 1991—three consecutive periods can be distinguished: (i) immediate post-communist transition (1991–1995); (ii) the establishment of the meritocratic public service with the enforcement of the first Public Service Act (PSA1; 1996–2012); and (iii) developments since the recent public service reform in 2012 and the adoption of the second Public Service Act (PSA2; in force since April 2013). Below, these three periods will be explored in detail.

5.3.1 Immediate Post-Communist Transition

The first period of development was mostly characterised by the need to overcome the legacy of the communist system. Several authors (see e.g. Vihalemm et al. 1997; Bercik and Nemec 1999; Jasaitis 1999) have described the Communist administrative systems as over-politicised: political loyalty had high priority and strict ideological control was exercised over personnel and decisions. In the Communist cadre system, secretive selection prevailed—open competitions and competitive examinations were unknown. The public service was not'professional' in that it did not value specialised training and competence, and professional qualifications did not usually matter in promotion and salary allocations. Performance appraisal was merely symbolic and was based mainly on an assessment of ideological matters. Public servants were subjected to the general Labour Code which offered them neither specific status nor social guarantees. However, job security was very strong: it was almost impossible to fire an official because of poor performance; as with many other HRM matters, layoffs were mostly motivated by ideological reasons. Staff depended to a large extent on their supervisors, whose decisions sometimes overrode legal norms, which, in turn, led to a selective implementation of legislation. The public service system offered a clear example of a patronage system with no regard for merit principles (Table 5.1).

Developments in the early 1990s were influenced by the aims of introducing merit principles into Estonian public management and abolishing patronage and politicisation from the public service. This led the way to the development of a modern public service system in which comparative merit or achievement governs each individual's selection and progress, and in which the conditions and rewards of performance contribute to the

Table 5.1 From communist to meritocratic public service (Randma-Liiv 2005)

Communist public service	*Meritocratic public service*
Loyalty to Communist Party	Loyalty to public interest
High level of politicisation of civil service	Distinction between political and administrative positions
Based on spoils, patronage, and nepotism	Based on merit principles
'Administration of the working class'	Administration of professionals
Closeness, access to critical positions depends on Party membership	Open to different groups in society, competitive examinations
Secrecy (e.g. pay systems with subjectively allocated bonuses)	Transparency of decision-making, personnel policies, and their implementation
Personal favouritism of managers	Written procedures for human resource management
No stimuli for high performance	Effectiveness and efficiency are highly valued
Accountability is not specifically addressed	Well-developed accountability framework
Labour Code determines work relationships in both public and private sectors	Separation of public and private spheres, adoption of a Public Service Act
Selective implementation of legislation	Rule of law

competency and continuity of the public service. Replacing the patronage and politicisation practices of the communist public service by merit principles relied not only on the adaptation to the democratic legal framework but also on a fundamental change in the values, attitudes, and beliefs of politicians, public service executives, individual public servants, and citizens. Table 5.1 illustrates the challenges of grafting a merit-based civil service onto the foundations laid in the course of the communist regime.

Several studies (Dimitrova 2002; Ganev 2001) have highlighted the importance of the first democratically elected government in the course of democratic transformation. The first government of Estonia (1992–1994, PM Mart Laar) induced a radical break with the communist past and a major change over in political and administrative elites. Consequently, more than half of public sector employees were replaced between 1992 and 1997 (Titma et al. 1998: 126). Many officials left the public sector, with new staff being recruited during the reorganisation of ministries. The national independence movement of the late 1980s and early 1990s

contributed to a strong collective identification. The restoration of independent state attracted many of the nation's best and brightest to the public office, predominantly for altruistic reasons. Only later, materialist values became more prominent in the society and the 'building up the state' motive started to decline (Lauristin 1997). The number of young officials grew rapidly as the communist public service experience proved to be in conflict with the needs of democratic government. For example, in 1994, 31 per cent of the employees of the Ministry of Finance, 28 per cent of the employees of the Ministry of Justice and of Defence, and 48 per cent of the employees of the Ministry of Foreign Affairs were under 30 years old (Randma 2001). According to the Public Service Yearbook (2001), in 2000, 54 per cent of public servants were still less than 40 years old, and 76 per cent had worked in the public service for less than 10 years. Labour turnover slowed down at the end of the 1990s, being 10–20 per cent a year after 1997. Radical changes in public sector personnel took place, although there was still no Public Service Act, which created a favourable ground for changing administrative culture and implementing modern public service principles in Estonia.

5.3.2 The Establishment of the Meritocratic Public Service

The Estonian public service system was established in 1995 with the adoption of the first Public Service Act (PSA1). As was the case with several other administrative laws of the newly independent Estonia, the government looked at the legislation from the first period of independence for inspiration. Although there had been a Civil Service Act from 1924, it was not suitable for drawing lessons since the old legislation reflected the problems and challenges of a hugely different social and political context (Randma-Liiv and Sarapuu 2012). Consequently, PSA1 was drafted from scratch, based on a limited know-how of modern public service systems. As the early 1990s were characterised by an extreme workload in the development of new legislation necessary for the functioning of an independent state, the PSA1 was prepared without major conceptual discussions either in broader society or political circles. PSA1 emerged as a legal-technical act, with limited debate on its underlying values and principles or careful weighing of different public service models. The input of the political level remained marginal and the preparation of the draft law was partly delegated to the Law professors at the University of Tartu. In drafting the act, lessons were sought from the

German experience, however, a pragmatic choice led to the adoption of a unique Estonian public service system, rather than the German strictly career-based model. The urgency of the post-communist transformation, as well as the shortage of experience and knowledge of drafting such all-encompassing laws was reflected in the fact that, at the time of PSA1's adoption, all its by-laws were missing and were supposed to be prepared in the months following the adoption. Only in the process of drafting the implementation details 'big' conceptual questions such as 'How to build up a coherent public service system', 'What kind of competence is required from the public servants", or" How to appraise public servants' arose (Randma-Liiv and Sarapuu 2012).

When the PSA1 came into force on 1 January 1996, every individual employed by a central or a local government agency automatically received the status of a public servant, without passing any examinations or assessment. This means that there was no transition period foreseen from the old to the new system. According to PSA1, the Estonian public service system involved both the civil service (central government) and the local government service but covered only a small part of the public sector workforce—those people working for the ministries, government agencies, local government institutions, and a few other state institutions, i.e. at the core of the public sector. In the rest of the agencies, people worked under the general labour law. A few branches within the public service were career-based and were regulated by special statues: foreign service, police service, border guard service, the court system, and a few institutions within the administrative area of the Ministry of Defence.

PSA1 determined the abolition of the patronage system and the introduction of recruitment and promotion on merit, competitive examinations, regular appraisal, common grading, and salary scales throughout the public service. The public service system entailed an open, position-based civil service with a few elements drawn from a career system (e.g. seniority pay, civil service pensions). PSA1 left recruitment open for all posts in the civil service, the senior civil service included. Open competitions for senior positions were publicly announced. Public servants were recruited on a permanent basis as a rule; fixed-term contracts were used for temporary staff and for a limited number of senior civil servants. However, despite permanent employment, it was relatively easy to dismiss public servants, although it put some financial pressure on individual government institutions (i.e. government institutions had to cover their own compensation bill for several months).

Shortly after the adoption of PSA1, in 1997, the Estonian government started the accession process for joining the European Union (EU). Although neither the Rome (1957) nor the Maastricht (1992) Treaties provided for a common public service model—and public service was not part of the *Acquis Communautaire*—the Eastern enlargement of the EU brought administrative capacity as the 'soft conditionality' to the EU accession practice (Dimitrova 2002; Meyer-Sahling 2011).[4] The notion of administrative capacity was, to a large extent, defined through the meritocratic public service framework and principles (Dimitrova 2002; Meyer-Sahling 2011). The European standards of public service, against which accession countries were evaluated, comprised of the following (see Meyer-Sahling 2011, 238–240):

- The adoption and implementation of a civil service law in order to ensure principles such as impartiality, legal accountability, and legal predictability;
- The establishment of an administrative unit that is responsible for the central coordination and management of civil service policy;
- The establishment of a system of open competition for entry to the civil service in order to ensure principles of openness, effectiveness, and equal access to the civil service;
- The establishment of standardised written examinations that are mandatory for all new entrants to the civil service and that allow for unsuccessful candidates to appeal in order to guarantee principles of merit recruitment, and fair and equal treatment;
- The professionalisation and depoliticisation of the senior ranks of the civil service in order to ensure principles of impartiality and political neutrality;
- Protection of civil servants from political and other forms of discretionary dismissal in order to support the principles of political neutrality and impartiality and to contribute to the stabilisation of the civil service;
- The design of transparent and predictable salary systems;
- The establishment of fair and transparent performance evaluation systems;

[4] The term 'soft conditionality' meant that the European Commission was regularly assessing and commenting upon the plans, activities, and regulations of all individual accession countries in regard to their administrative capacity.

- The establishment of training programmes and the participation of civil servants in training in order to strengthen the effectiveness and professional competence of the civil service; and
- The regulation of civil servants' rights and duties in order to ensure European principles such as professional integrity, political neutrality, and impartiality.

Before the accession to the EU, Estonia was one of the few countries that, by and large, had already introduced most of the principles and tools outlined above (Meyer-Sahling 2011). Paradoxically, although the PSA1 had not introduced written entrance examinations into the public service and public servants had rather poor protection against dismissal, a thorough SIGMA study (2009) showed that Estonia had one of the least politicised public services among the new EU Member States. Despite a few deficiencies compared to the EU standards, one can conclude that Estonia was one of the few post-communist countries where the EU accession did not have major influence on the public service institution because the existing legislation—and its actual implementation—was already sufficiently in line with those standards (Meyer-Sahling 2011).

However, the presence of such standards and regular monitoring by the European Commission during the accession period excluded the possibility of introducing public service reforms contrary to the above-mentioned standards. By that, the EU accession period cemented the development of a merit-based public service in Estonia and contributed to the sustainability of meritocratic values in the Estonian government. One can conclude retrospectively that although the PSA1 was drafted in the context of urgency, limited know-how, and improper attention paid to implementation, it constituted a good basis for the evolution of a meritocratic public service. Moreover, as Meyer-Sahling (2011) found in his comparative study of public service systems in Central and Eastern Europe, the Estonian PSA1 turned out to be one of the most stable public service legal frameworks in the region, in effect without major changes until 2012.

Based on PSA1, a people management system was institutionalised, one that follows the generally decentralised set-up of the Estonian government and represents one of the most decentralised public service systems in Europe (Meyer and Hammerschmid 2010). The Estonian public service HRM policy can be characterised as 'a case of no central human resource strategy' (Järvalt and Randma-Liiv 2010). Each ministry and executive

agency is responsible for the recruitment, training, performance appraisal, and pay of its own officials (with the exception of around 100 top officials, see below). The central responsibility for different public service functions has been distributed among several public sector institutions. Although in 2010, the Ministry of Finance was designated as the responsible institution for public service policy, its coordination activities have mostly been limited to technical support without strategic involvement in policy design.

One can say that no institution at the level of central government has the power and necessary resources to develop and implement a government-wide public service policy. The existing Estonian institutional framework does not ensure the fulfilment of the functions that a central public service coordination is usually expected to perform (Järvalt and Randma-Liiv 2010). Although central coordination is foreseen by law since 2012, the Ministry of Finance lacks both the mandate and financial and human resources to effectively fulfil its role as a coordinator.

Until 2012, there had not been major public service reforms since the adoption of PSA1, although all consecutive governments at the end of the 1990s and the beginning of the 2000s had some kind of public administration reforms—including public service reforms—on their agendas. However, in most cases, these initiatives addressed individual elements of the public service (e.g. personnel appraisal or pay reform) and were often of a technical nature. Furthermore, several one-off initiatives never materialised. Since the adoption of PSA1, the Cabinet of Ministers accepted the draft of a new Public Service Act twice (in 2002 and 2009) and sent it to the parliament. Drafts passed the first reading both times but did not reach the second reading due to political disagreements, and no decision was reached before the upcoming general elections (respectively in 2003 and 2011).

The lack of overall progress in public service reform appeared to be due largely to the absence of a broad underlying consensus on the direction of reform. There was neither very strong opposition nor a strong political interest in maintaining the status quo. Individual government organisations (e.g. Ministries of Justice, and of Finance) came up with some reform ideas from time to time but these did not marshal enough political will and did not materialise in legislative amendments. Because of the long postponement of the public service reform, Estonia was a case in which the legal basis and the actual practices of public service policy were occasionally seen as two different worlds (Meyer-Sahling 2011). As a

result, the necessity to decrease the gap between the legal text and actual practice became indispensable.

But even more importantly, a significant driver behind the public service reform was the cost-efficiency motive, which remained acute even during the years of economic boom in the early 2000s. It was further accelerated during the fiscal crisis in 2008–2012, which hit Estonia particularly hard. Although the fiscal crisis did not cause major administrative reforms in Estonia, it gave a boost to several initiatives that had been discussed before and that aimed at cost-savings. One of those initiatives was the public service reform.

5.3.3 Public Service Reform in 2012

The right-leaning coalition, which came into office in 2011 took the 2009 draft law as a basis for devising the reform and a new Public Service Act (PSA2) was adopted by the Estonian Parliament in 2012. PSA2 came into force in April 2013. The reform further endorsed the open and segmented nature of the Estonian public administration and aimed to decrease the number of public servants and to abolish 'disparities' that were perceived between the public service and private-sector employment.

PSA2 restricted the former institutionally based narrow definition of the public service even more and re-oriented the system towards differentiating officials, who were engaged in executing public power and employees who did not have this responsibility. The goal was to reduce the number of public servants. As a result of the reform, about 25 per cent of public servants lost their status and became employees under the Labour Law. Not only was the definition of 'public service' restricted but the public service employment conditions presented in PSA2 became by and large equal to that provided by the Labour Law. This established the public service as 'any other employer' in the labour market.

For example, although public servants were and are recruited on a permanent basis as a rule, public service job security, which had already been limited, was reduced even more by PSA2, and conditions for terminating a job became exactly the same as in the private sector. Around 100 top public servants became employed through five-year fixed-term contracts with the possibility of renewal, thus substantially diminishing their job security. However, certain groups within the public service remained regulated by special statutes (e.g. the diplomatic corps, the

police, the judiciary, and the military), frequently including stricter rules for ethics and corruption considering the nature of their work.

All in all, there were approximately 116,700 employees in the Estonian general government and approximately 28,000 of them were employed in the public service in 2017 (24 per cent of the general government employees total). Approximately 22,800 of them were in the public service on central government level (including ministries, agencies, and inspectorates) and 5,200 in public service on local government level. The following section sheds light on key elements of people management in the Estonian public service and their development over time.

5.4 People Management in the Estonian Public Service

Practical matters of people management in the Estonian public service are influenced by the general characteristics of the civil service system outlined above and by the specific historical, cultural, political, and economic context of Estonia. For operationalisation of the further analysis on people management, the concept of public service bargain will be used (Hood and Lodge 2006). Public service bargain has been defined as 'any explicit or implicit understanding between public servants and other actors in a political system over their duties and entitlements relating to responsibility, autonomy and political identity, and expressed in convention or formal law or a mixture of both' (Hood and Lodge 2006: 6). Public service bargains vary along three components: rewards, competency, and loyalty (Hood and Lodge 2006).

According to the public service bargain, politico-administrative relations are based on an implicit or explicit deal between the two parties whereby, to put it simply, the political masters expect competence and loyalty from the public servants and the latter expect some mixture of rewards (both tangible and intangible) and autonomy in a particular responsibility area in return (Hood and Lodge, 2006). Public service bargains can be formally enacted in constitutions, laws, civil service statutes, and ethical codes or informal understandings between the actors involved in the bargains reflected in normative role expectations (Salomonsen and Knudsen 2011). We have further expanded the framework provided by the concept of public service bargain by adding

an extra component to the discussion below: the institute of Top Civil Service, which has played an important role in the public service reforms in Estonia.

5.4.1 Rewards

The first component of the public service bargain—reward—explicates what public servants receive in return for their contribution. The rewards-related dimension reflects on tangible and intangible rewards, including salaries and pensions, expectations regarding career advancement, and the degree of permanency of the position or the risk of dismissal (Hood and Lodge 2006: 21).

Public service in Estonia was an attractive place to work during the immediate post-communist transition when many talented people were keen on contributing to building an independent state. However, from 2000 on, the behaviour of civil servants became more akin to that of 'rational rent-seekers' when officials started negotiating higher personal benefits, leading to substantial individualisation and 'marketisation' of public service rewards (Järvalt and Randma-Liiv 2012). Prior to the 2012 reform, the public service commanded relatively low prestige and the level of remuneration of public sector professionals were not competitive with salaries in the private sector (Järvalt and Randma-Liiv 2012).

During the 2012 reform, the main message communicated to the public servants was raising their basic salary in exchange for abolishing public service pensions and seniority pay. The latter were completely abolished so that public servants had exactly the same retirement conditions as private-sector employees. In addition, performance-based salaries were introduced. However, although there was an increase in the public servants' salaries, the average salary in the general labour market increased even more, and as a result, the competitiveness and appeal of public service employment did not increase. Furthermore, the prestige of the public service continues to be rather low after the recent reform and the previously poor job security was reduced even more.

There was yet another aspect of PSA2 public service reform, which can be described as a shift towards the 'managerial' bargain (Pesti and Randma-Liiv 2018). PSA1 foresaw centrally set pay scales and centrally regulated job titles. Job titles were not specifically defined, but they were

linked to pay grades. Every supervisor was able to decide which job titles to use, and there was no *ex-post* control over the use of job titles and pay grades. Therefore, despite the centrally regulated salary system, managerial discretion over the salary levels was already high before the reform. PSA2 allowed managerial discretion over pay to increase even more, since central pay grades and job titles were abolished, and each public sector organisation became responsible for its own salary system. To balance the increase in managerial discretion, it was decided to disclose the salaries of all public servants.

As for the outcomes of the reform, its general goal was to reduce costs by decreasing the number of public servants and to increase the flexibility of people management. However, according to the *Civil Service Yearbook* (Ministry of Finance 2016), the labour costs of central government have rather increased after the implementation of the 2012 reform, and the general number of staff (including both public servants and employees covered by the civil service) remained the same. Another goal was to improve the transparency of the salary system and to treat public servants equally. Indeed, there are central guidelines for job evaluations, pay-grade design, and the compensation system by the Ministry of Finance. However, individual organisations seldom use them, and they lack the capacity for uniform application. As a result, compensation systems vary across central government organisations, and performance pay is based on different principles. Thus, salaries for similar positions diverge remarkably across institutions. The opaqueness of the salary system and unequal treatment of public servants appear to be among the main problems reported by public servants who participated in the 'commitment survey' commissioned by the Ministry of Finance in 2015.

Neither PSA1 did nor PSA2 regulates and guarantees career advancement. 'Automatic' promotion cannot be expected when entering the public service. The Estonian public service is very small, having actual career ladders with only two to four levels. This often means that it is difficult to design smooth individual career paths, and there are limited opportunities for career progression and promotion. Accordingly, many people may reach the peak of their careers very quickly and then encounter a career plateau. While some people may serve in the same positions for years (if not decades), for the majority of civil servants this is not satisfying, and they actively search for other career opportunities

either in different public sector organisations or in the private sector. Because the Estonian public service is open and position-based on all hierarchical levels, inside and outside candidates have equal opportunities when vacancies are advertised. Mobility between the public and private sectors is encouraged.

5.4.2 Competence and Requirements

Competence in the framework of public service includes requirements for public servants as far as their formal education, knowledge, skills, experience, and attitudes are concerned, which, in turn, is closely related to recruitment and selection processes, performance appraisal, and in-service training. Competence of public servants as well as recruitment, selection, appraisal, and training processes were not formalised before the adoption of PSA1. The general requirements, both in PSA1 and in PSA2, are that the public servant is an Estonian citizen who has at least secondary education and is proficient in the Estonian language to the extent provided by law. In the international context, the requirement for secondary education is somewhat exceptional, as usually a university degree is expected from public servants (especially in the higher ranks). Compared to PSA1, in PSA2 more specific requirements for foreign language skills and job experience were put in place for top and mid-level managers at the ministries. More specific requirements for top civil servants were also under discussion during the preparation of the draft of PSA2, but after some discussions on the political level, it was decided that no specific educational requirements (e.g. a Master's degree) were needed. For top officials, experience from the private sector is highly valued.

All in all, in both laws, formal requirements for education, knowledge, and skills have been kept rather low in order to allow for a large variety of candidates with different sets of experience to enter the public service. It must be noted, though, that while the law sets only minimum requirements, specific job descriptions, and vacancy announcements usually provide for higher and more specific requirements (e.g. university degree and possession of specific knowledge and skills).

PSA1 left recruitment open for all posts in the public service, the top civil service included. Open competitions for top positions were publicly announced. PSA2 made open competitions mandatory for all public service positions. Recruitment and selection are organised independently by each public sector organisation (with the exception of about

100 top civil servants). In addition, it became mandatory to publish all vacancies on a central website administered by the Ministry of Finance. Neither PSA1 nor PSA2 requires candidates to pass written examinations for entering the public service. The most used selection method is assessment of the CV and a job interview, thus emphasising interview skills and previous experience rather than the evaluation of specific knowledge and skills. For top civil servants, a specific competency framework has been used since 2004 (Randma-Liiv et al. 2015). The final appointment decision is made by the appointing authority—Secretary Generals in ministries and Directors General in government agencies—a similar arrangement both by PSA1 and PSA2. Politicians are not involved in the appointment of new officials with the exception of Secretary Generals, who are appointed by the Cabinet of Ministers.

As for performance appraisal, PSA1 set down a regular mandatory appraisal by an assessment committee, which, however, was not followed in practice. PSA2 foresees a mandatory individual appraisal interview between public servants and their supervisors. In PSA1, the training budget was legally regulated and gave single public sector organisations security for the development of the necessary knowledge and skills in an environment where a functioning central training authority was absent in Estonia. With the 2012 reform, the legal framework of the training budget was abolished. The central training budget is remarkably dependent on EU funds, and thus the importance of external support has been gradually increased. The content of training has changed as well—from a mix of generalist and specialist training towards more specialist-type training arranged by individual organisations. Top civil servants have a generous development programme with an emphasis on managerial training (Randma-Liiv et al. 2015).

5.4.3 Loyalty and Responsibility

The third component of the public service bargain relates to responsibility and loyalty—the level of autonomy of decision-making of public servants relative to politicians. When it comes to loyalty and responsibility, the question is to whom public servants owe their loyalty and what their politico-administrative relations are.

According to PSA2, the Government of the Republic formed a Council of Ethics to reinforce the core values and ethics of officials. Before the 2012 reform, the Code of Ethics was part of PSA1, but after the reform,

the Code was separated from PSA2, and now it is approved by the Council of Ethics. By that the Parliament distanced itself from the Code of Ethics and handed it over to the Council of Ethics.

Loyalty-related issues in Estonia are closely linked to the broader understanding of the roles that public servants are expected to perform. There is no coherent understanding of politico-administrative roles in Estonian society (see also Tammekänd 2004). This can be explained by problems of a (still) newly democratic state where public service development has been driven by legalistic-technocratic motives (see also Randma-Liiv and Sarapuu 2012), and a broader discourse on politico-administrative roles has been non-existent. Estonian public servants are separately identifiable as individuals (vis-à-vis politicians), but they are not free agents in any political sense—they pursue defined goals in a limited space of action. On the one hand, public servants take the oath of office by swearing that they will be loyal to the Constitution of Estonia when entering the public service. Nevertheless, public servants are expected to be loyal to political representatives in successive governments. Conflicts can easily arise if these role perceptions happen to differ from each other, or if different parties assign different weights to them.

Consequently, the perceptions of roles of public servants can vary considerably, and even ministers belonging to the same political party can have quite different expectations from public servants. Personal loyalty—including personal fit and trust among political leaders and public servants—is as important as political loyalty. Loyalty relations are the most acute in the case of top civil servants, who work on the borderline of political leadership and neutral bureaucracy. While from mid- and lower-level civil servants, neutrality and impartiality is expected first of all (i.e. loyalty to the Constitution), for top civil servants, political loyalty combined with personal loyalty to a political superior gain more substantial weight.

5.4.4 Top Civil Servants

Until 2004, no particular attention was paid to a special category of public servants—the top civil servants. The PSA1 did not stipulate the existence of top officials as a distinct category except their recruitment and selection through the Selection and Evaluation Committee of Top Civil Servants at

the Government Office. The Committee had an advisory role in screening and shortlisting candidates for certain top administrative positions (such as those of deputy secretaries general of ministries and directors general of executive agencies). However, the final decision-making power over the selection of the top executives was left to the relevant minister. This way the selection of top officials became centralised in contrast to otherwise decentralised HRM policies in the Estonian public service. This scheme did not cover the Secretaries General of the ministries who were appointed by the Cabinet.

Although top executives became treated as a special group for training and development purposes since 2004 and a rather complex system evolved incrementally including a competency model and a voluntary development programme under the leadership of the Government Office, it existed without any statutory basis until 2012 (Randma-Liiv et al. 2015). The 2012 PSA2 formalised the top civil service by distinguishing it as a separate civil service category. The positions covered in the top civil service include the Secretary of State, Secretary Generals and Deputy Secretary Generals of the Ministries, and Director Generals of the Executive Agencies (such as boards and inspectorates) (Table 5.2).

Estonian top civil servants serve at public organisations that form a well-defined centre of the executive branch and play a primary role in the policymaking and law-enforcement processes. In 2019, 94 positions belonged to this group and top executives made up 0.3 per cent of the public service. This falls into an internationally recognised share of senior civil servants, ranging between 0.13 and 2.1 per cent, and increasingly descending under one per cent of the civil service (Halligan 2012).

PSA2 determines several aspects of the service for top officials including special regulations for a five-year fixed-term service, recruitment, selection, assessment, and development. The main mandatory elements include the obligation to submit to assessment at least once every two years, and mandatory participation in development activities. In addition, while according to PSA1, Secretary Generals could be forced to leave in cases when the minister found their collaboration difficult after one year of working together, PSA2 reduced this minimum length of cooperation to six months. Table 5.2 summarises the main changes during the 2012 public service reform in Estonia.

Table 5.2 Main changes in the Estonian Public Service Act[5]

	1995 Public Service Act (PSA1)	*2012 Public Service Act (PSA2)*
Rewards	Institutionally based definition of public service	Restriction of definition of public service
	Limited job security	Further decrease in job security: simplification of dismissals (same as in private sector)
	Centrally defined pay grades and pay components	Centrally defined pay components (performance pay as new component) and limitations for bonuses with mandatory disclosure of salaries
	Limited managerial discretion over pay	Increased managerial discretion over pay
	Public service pensions	Abolishment of public service pensions
	Seniority pay	Abolishment of seniority pay
Competence	Mandatory open competition for top civil service positions	Mandatory open competition for all public service positions
	Mandatory appraisal of public servants by an assessment committee	Mandatory individual appraisal interview of public servants and their supervisor
	Trainings both for generalist and specialist skills	Trainings mainly focusing on specialist skills; increased importance of managerial trainings
Loyalty	Code of Ethics as part of PSA1	Code of Ethics separate from PSA2; approved by the Council of Ethics
Top civil servants	Top civil service as a special public service category; not formalised; except for some differences in recruitment and selection	Formalised top civil service as a separate public service category with special regulations for service terms, recruitment, selection, assessment, and development
	Mostly permanent by some fixed-term contracts for top civil service positions	All top civil service positions have fixed-term contracts
	Secretary Generals can be forced to leave after a minimum of one year of cooperation with a respective minister	Secretary Generals can be forced to leave after a minimum of six months of cooperation with a respective minister

[5] Based on Pesti and Randma-Liiv (2018).

5.5 Outstanding Issues and Future Challenges: The Sustainability of Meritocracy

Estonia is one of the few former Soviet republics that was able to make a sharp break with the communist past and establish a modern merit-based public service system already in the 1990s. The foundations of the meritocratic system were laid down by the PSA1 in 1995 and they were further cemented during the EU accession period. The Estonian government has built up a very open position-based public service system where the responsibility for all the main components of the public service such as recruitment and selection, performance appraisal, training and development, and pay are in the hands of single organisations. While such a liberal arrangement is argued to increase the likelihood of patronage, this has not materialised in Estonia (Verheijen 1999; Meyer-Sahling 2011). Moreover, according to a comparative study of Central and Eastern European post-communist countries, Estonia has one of the most depoliticised public services in the region (Meyer-Sahling 2011). This presents one of the major puzzles in understanding the Estonian case.

The establishment and retention of the meritocratic public service system in Estonia is closely linked to a mix of rather specific contextual factors. These contextual characteristics make the Estonian case unique and hardly generalisable to the other environments. First of all, the domestic politico-administrative context has been favourable towards the development of a professional public service. The sharp break with the communist past after the first democratic elections of 1992 created a good ground for vast changes. The first right-of-center coalition that took power implemented a liberal 'shock therapy' in Estonian society including the public service. The prevailing neoliberal ideology of consecutive governments has legitimised the use of private sector tools and considering the state to be a 'corporation' in the development of public service and in public sector human resource management. Although such an approach has its downsides, it values professionalism, efficiency, and results-orientation in public service by that contributing to the development of meritocratic practices and eliminating the post-communist legacy revolving around patronage.

Second, Estonia was one of the few post-communist countries where the EU accession did not influence the institutional set-up of public service because the existing legislation—and its actual implementation—was already sufficiently in line with those standards (Meyer-Sahling 2011).

Nevertheless, the presence of such EU standards and regular monitoring by the European Commission during the EU accession period excluded the possibility of introducing public service reforms contrary to the meritocratic principles. By that, the EU accession period cemented the application of the merit public service in Estonia and contributed to the sustainability of meritocratic values in the Estonian government. The ultimate EU membership and unquestionable orientation to the West have facilitated the broader acceptance of democratic governance, including a neutral and professional public service.

Third, Estonia stands out among all the Central and Eastern European countries for its low corruption levels. This provides for an important cultural factor as it enables to use decentralised HRM and high managerial discretion without having to worry (too much) about possible misuse of power. This is further facilitated by the most important values in public service such as honesty, reliability, dutifulness, lawfulness, and competency (van der Wal et al. 2008). Proximity to the Nordic countries and especially to Finland has contributed to the development of a specific cultural context on the borderline of Eastern European and Nordic administrative traditions. In fact, geographical regions defined by the United Nations (2019) categorise Estonia as a Northern European rather than Eastern European country. The general cultural context thus strongly supports the development of meritocratic practices in the public service.

Fourth, the small size of the country has to be taken into account. Public service plays a crucial role in small states, since it is among the biggest and most influential employers (Sarapuu and Randma-Liiv 2019). The shortage of highly qualified human resources in small states means that the government competes for the best and the brightest not only with the private sector but also with international employers. This requires a certain level of competitiveness from the public service system. Due to the shortage of qualified human resources, small administrations may find it useful to have more flexible personnel policies, allowing fast and 'elastic' personnel decisions. But most importantly, the small public service system is more 'tangible' for decision-makers, more transparent, and more open to changes compared to large systems. This allows to plan and implement reforms across the public service without having to tackle with the complexity of different sub-national levels and complicated decision-making structures.

Although the Estonian governments since 1991 have succeeded in developing a meritocratic public service system, the experience of a

number of other post-communist countries—most notably of Hungary and Poland—indicates that reform reversals may happen in the course of a couple of years by that threatening broader democratic developments of the country (Meyer-Sahling 2011; Randma-Liiv and Drechsler 2017). This is why one has to be aware of potential weaknesses and drawbacks within the current public service system. As shown above, the Estonian public service reform of 2012 can be described as a pragmatic managerial-oriented reform whose longer-term consequences may affect meritocratic principles in the public service (Pesti and Randma-Liiv 2018).

First of all, public servants lost many of their distinct rewards through the reform. It is yet to be seen whether and how the reform abolishing public service rewards influences the attractiveness of public service careers. The lower the job security, the more it should be compensated by other rewards (such as pay) in order to retain an optimal balance of the public service bargain. Insufficient rewards may contribute to a vicious circle of temporary public servants, including problems with recruiting new officials and a further increase in their turnover, ultimately leading to a 'temporary state'. In addition, if there is no tenure in the public service and public servants can be laid off as easily as in the private sector, the entire system is vulnerable to politicisation, nepotism, and misuse of power by individual managers.

Second, limited qualification requirements provided by the law, the absence of written entrance examinations and the opportunity for single organisations (and individual managers) to choose appropriate selection methods and make final personnel decisions indicate very high managerial discretion in the recruitment and selection process. This may not only lead to nepotism and even politicisation, but the highly decentralised selection process facilitates the development of narrow 'job-specific' competencies rather than public service generalists, thus further cementing the position-based approach rather than developing collaboration-oriented competencies.

Third, the introduction of fixed-term contracts for all top civil servants is expected to change the loyalty dynamics, as the renewal of these contracts depends on the satisfaction of (political) superiors. Although fixed-term contracts are seen to encourage result-orientation, at the same time such arrangements can also be misused for political reasons.[6]

[6] See, e.g. Althaus and Vakil (2013).

Fixed-term contracts create opportunities for not renewing contracts with politically unsuitable candidates and thus increase the importance of both political and personal loyalty in public sector bargaining. This, in turn, may lead to the tendencies of politicisation of top executives and consequently negatively influence the competence, independence, and neutrality of public service. The loyalty of public servants may in turn shift towards instrumental, short-term, and easily influenced or changing loyalty, thus challenging the fundamental values of democratic governance.

Fourth, throughout the period this chapter covers, from 1991 to 2019, individual public sector institutions have been in charge of public sector HRM with very limited intervention from the central level. The decentralised set-up of public service HRM systems with limited central steering and coordination does not contribute to the capacity of detecting and addressing systemic public service problems immediately. On the contrary, full decentralisation of the public service gives enormous power to managers of individual public sector organisations. As a result, the implementation of laws and other policy documents is inconsistent among institutions. This may lead to their uneven development and consequently irregular application of meritocratic practices. Moreover, decentralised management within the public service cements further fragmentation and rivalry between public sector organisations, moving thus away from the idea of the whole-of-government. Whereas the establishment of the top civil service created the potential for addressing cross-boundary collaboration within the public service, this potential has not materialised in practice, since the development of top executives is limited to advancing their individual managerial skills rather than developing them as a coherent group responsible for the whole-of-government approach (Randma-Liiv et al. 2015).

Finally, the development of a public service system has never been high on the Estonian political agenda. Instead, public service is usually approached through the lens of cost-efficiency and cutting back the number of officials. Following the dominating neoliberal agenda, public service reforms have predominantly aimed at reducing costs. This has painted a one-sided picture of the public service system mainly oriented to technocratic goals while democratic goals have received less attention. Consequently, the approach to public service as an institution carrying certain values and ensuring democratic governance has been in

the shadow. This makes the entire institution of public service vulnerable and dependent on the political parties in power.

5.6 Conclusion

Building up a professional, apolitical, and merit-based public service has been one of the major challenges of post-communist transition. Public service constitutes a key element in any administrative system, especially so in new democracies. Estonia represents one of the fastest political and economic transformations among the post-communist countries. The sharp break with the communist past after the first democratic elections of 1992 created a favourable ground for vast changes in Estonia. The foundations of the meritocratic public service system were laid in 1995 and they were further cemented during the EU accession period. This chapter explored the development of the Estonian public service system from 1991 to 2019, through different periods of post-communist reforms.

The contemporary Estonian administrative system has formed through several phases of development where specific drivers and motives for reforms have shaped the direction and nature of changes—from the initial post-communist transformation, through accession to the EU to the post-accession period with domestic factors regaining importance. Similar phases are also reflected in the evolution of the Estonian public service system thus when looking at the development of public service since 1991, three consecutive periods can be distinguished: (1) immediate post-communist transition (1991–1995); (2) the establishment of the meritocratic public service with the enforcement of the first Public Service Act (1996–2012); and (3) developments since the recent public service reform in 2012 and the adoption of the second Public Service Act.

Developments in the early 1990s were influenced by the aims of introducing merit principles into Estonian public management and abolishing patronage and politicisation of the public service. This led the way to the establishment of a modern public service system in which comparative merit or achievement governs each individual's selection and progress, and in which the conditions and rewards of performance contribute to the competency and continuity of the public service. Replacing the communist public service by a public service based on merit principles relied not only on the adaptation to the democratic legal framework but also on a fundamental change in the values, attitudes, and beliefs of politicians, public service executives, individual public servants, and citizens.

The Estonian government built up an open position-based public service system where the responsibility for all the main components of the public service such as recruitment and selection, performance appraisal, training and development, and pay are in the hands of individual organisations. Estonia was one of the few post-communist countries where the EU accession did not influence public service institutions because the existing legislation—and its actual implementation—was already sufficiently in line with the EU standards. Moreover, Estonia has one of the least politicised public services among the post-communist countries.

Estonian public service reform of 2012 can be described as pragmatic managerial-oriented reform whose longer-term consequences may adversely affect meritocratic principles in the public service. As the main aim of the reform was to increase cost-efficiency, decreasing public service rewards may contribute to a vicious circle of temporary public servants, including problems with recruiting new officials and a further increase in their turnover. If there is no tenure in the public service and public servants can be laid off as easily as in the private sector, the entire system is vulnerable to politicisation and nepotism.

In addition, the decentralised set-up of public service HRM systems with limited central steering and coordination does not contribute to the capacity of detecting and addressing systemic public service problems immediately. Full decentralisation of the public service gives enormous power to managers of individual public sector organisations whose very high managerial discretion in the people management processes may lead to misuse of power and revival of elements of patronage. This makes the entire institution of public service vulnerable and provides the biggest challenge for years to come.

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CHAPTER 6

Georgian Civil Service Since Regaining Independence

Catherine Kardava

6.1 General Description of the Country

Georgia is located in the central and western part of the South Caucasus region. Located at the crossroads of South-Eastern Europe and Western Asia, it is a transcontinental country on the eastern coast of the Black Sea. Despite its geographical location, the country is considered as part of Europe, socially, culturally, and politically. The length of the country's state borders is 1,916 km, of which 308 km is on sea and 1,608 km on land. It borders to the north with the Russian Federation (Dagestan Republic), naturally separated by the Caucasus Ridge (the Greater Caucasus Mountains), to the south with Turkey and Armenia (with the Lesser Caucasus mountains between), to the south and to the east with Azerbaijan, and to the west with the Black Sea.

The territory of modern Georgia has been inhabited since the Early Stone Age. In the classical antiquity era, the early Georgian states of Kolkheti and Iberia were blossoming, forging the common Georgian

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culture and sense of statehood, as it has been manifested over the years. Christianity has been supreme in Georgia, since the early fourth century. In 1008, the country became a united monarchy. Georgia has gone through periods of rise and fall ever since, before splitting into several small political units in the fifteenth century. Imperial Russia gradually conquered Georgian lands between 1801 and 1866. An independent country was established again after the Russian Revolution—the Democratic Republic of Georgia (1918–21)—which eventually fell victim to the Bolsheviks and became part of the Soviet Union in 1922. After the collapse of the Soviet Union, Georgia regained its independence in 1991 and gradually started the process of rebuilding the country and its institutions again as a sovereign state.

Georgia is a democratic parliamentary republic. It is currently a member of several international organisations, including the United Nations (UN), the Council of Europe (CoE), the Organisation for Democracy and Economic Development (GUAM), the World Trade Organisation (WTO), and the Black Sea Economic Cooperation Council (BSEC). Georgia is also committed to joining and integrating into the European Union (EU) and the North Atlantic Treaty Organisation (NATO).

European Union (EU) integration is a cornerstone of the foreign and domestic policy of Georgia. The government is firmly committed to a democratic development path adhering to the common European values and thus forming the basis for getting closer to the EU. In this context, the effective implementation of the "Association Agreement between the European Union and Georgia" is of utmost importance,[1] as it is a prerequisite for political approximation and gradual economic integration with the EU.

Therefore, the government's intention is to develop a public administration based on the European Principles of Good Governance, which is reflected in the Public Administration Reform (PAR) Roadmap (main topics and pillars of the Roadmap will be discussed below).[2] To ensure efficient implementation of the reform strategy the inter-institutional

[1] To which the Deep and Comprehensive Free Trade Area Agreement (DCFTA) is an integral part.

[2] "Public Administration Reforms Roadmap 2020" (25.05.2015); http://www.gov.ge/files/425_49309_322150_15.07.21-PublicAdministrationReformRoadmap2020(Final)(1).pdf.

PAR Council has been established and it is responsible for coordinating the systemic implementation of each pillar of PAR. Additionally, the Government of Georgia is implementing economic policies that ensure sustainable development for the country, based on the respect and protection of economic freedom and of property rights. The government is also committed to warrant the rule of law in economic processes through effective regulatory mechanisms in place.

6.2 Political, Economic, and Social Context

Following its independence, the country witnessed external and internal conflicts and an ever-changing political situation. Such an environment had an impact on the country's economic development and its sustainability. However, the independence gained by Georgia, following the collapse of the Soviet Union, has been continuously safeguarded and protected by the Georgian society. This resolve has been repeatedly demonstrated through the conflicts and the fluid political situation the country has experienced. In 2012, the country reached a new level of political maturity, when for the first time; the government was elected with Georgians demonstrating a high civic culture during the process. The Rose Revolution marked a new era for the country. There is a growing sense of political resilience, which is associated with the onset of social uplift. There is also steady economic growth, which continues to date.

According to the Human Development Index (HDI)[3] 2018 results, Georgia ranks 70th among 195 countries (with score 0.780). Since the 1990s, Georgia's HDI ranking has undergone a positive change, indicating that the country is on the right path, with respect to the well-being of its citizens and residents (Fig. 6.1).

According to the World Bank 2019 data from the Ease of Doing Business Index,[4] Georgia is rated 6th out of 190 countries. Its score for doing business is 83.28 out of 100 points, a score higher by 1.24 points compared to last year. Looking at the data closer, it is revealed that Georgia is a leader among the countries in the region with regard to ease of doing business (Fig. 6.2).

[3] Human Development Report, UNDP; http://hdr.undp.org/en/countries/profiles/GEO.

[4] The World Bank, Ease of Doing Business Index; https://www.doingbusiness.org/en/rankings?region=europe-and-central-asia.

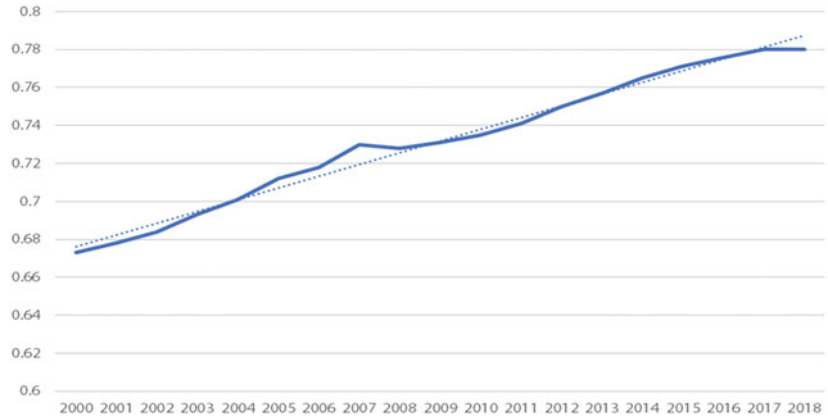


Fig. 6.1 Georgia's Human Development Index scores (2000–2018) (*Source* Human Development Index [2019])



Fig. 6.2 Ease of Doing Business Index for selective countries (2019) (*Source* World Bank Ease of Doing Business [2019])

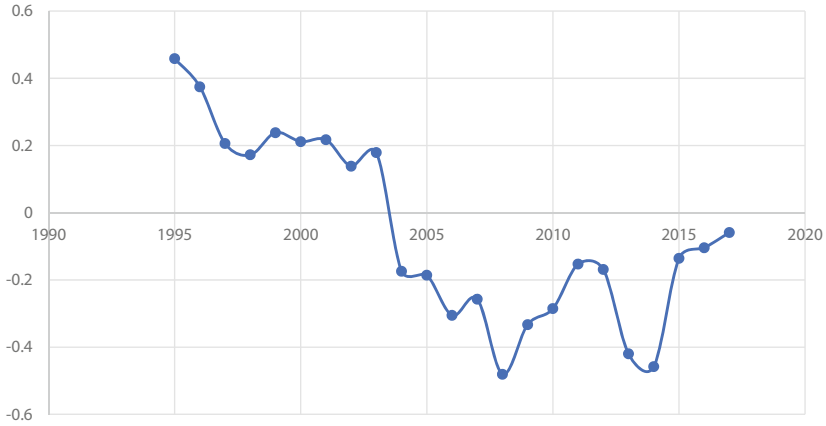


Fig. 6.3 Economic Complexity Index for Georgia (1995–2017) (*Source* Observatory of Economic Complexity [2019])

According to the 2017 data of the Observatory of Economic Complexity, the Economic Complexity Index (ECI) of Georgia is −0.06, ranking 63rd among 126 countries. It is worth noting that the country has advanced from 24th to 63rd place since 1995 (index value change from 0.82 to −0.06) (Fig. 6.3).[5]

According to the report of the Transparency International, the Corruption Perceptions Index (CPI) score for Georgia is 58—on a scale of 0 (high corruption) to 100 (no corruption)—thus the country ranks 41st among 180 countries. According to the CPI results for Georgia, the country has improved its ranking from 55th to 41st position between 2013 and 2018 (Fig. 6.4).[6]

6.3 Public Administration Reform

This section presents the public administration reforms in Georgia, which cover six main pillars, the following: (i) policy development and coordination; (ii) human resource management; (iii) accountability; (iv) provision

[5] Observatory of Economic Complexity, https://atlas.media.mit.edu/en/profile/country/geo/.

[6] Transparency Internationalhttps://www.transparencyorg/country/GEO.

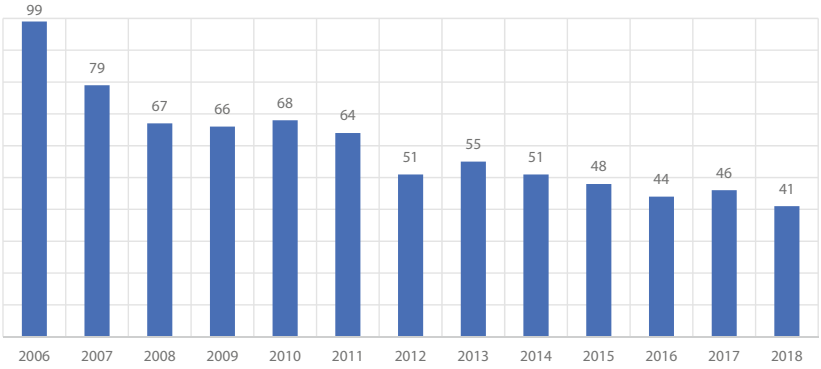


Fig. 6.4 Corruption perceptions Index rankings for Georgia (2006–2018) (*Source* Transparency International [2019])

of public services; (v) public finance management; and (vi) local self-government. Although they are all considered equally important, the civil service reforms will be presented separately in the next section of the chapter, as it constitutes a major topic of this chapter.

It should be noted that before 2015 Georgia did not have a strategy document in place guiding the implementation of public governance reforms. However, the absence of a written strategy does not imply that there were no reforms taking place in Georgia. Reforms have been ongoing since the late 1990s, however, these were implemented in fragmented and non-systematic ways. Because of this, some of the reform components failed. For example, the civil service reforms initiatives that were undertaken until 2012 (Fig. 6.5).

After the Rose Revolution, the development of a solid and unified government document on reform, its subsequent adoption by a Government Resolution and the implementation of initiatives under all six respective pillars put systemic reform on the agenda of the government to date. In this connection, Georgia is leading the region with respect to reforming its public governance system and its civil service especially, clearly demonstrating the strides the country has made towards modernising public governance.

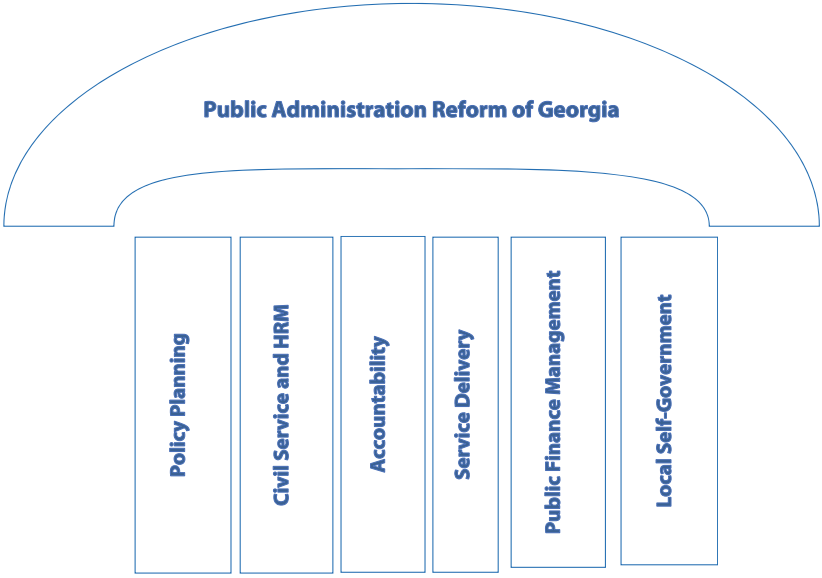


Fig. 6.5 Public administration reform pillars in Georgia

6.3.1 Policy Development and Coordination

The main goal of this component is to develop a policy-planning system, to establish a results-oriented management, reporting, monitoring, and evaluation system, and to improve the coordination of government activities. It was recommended by European partners that a Policy Analysis and Strategic Planning Department should be set up, which would be responsible for planning and monitoring the government's activities, its priorities, as well as the coordination with regard to multi-sectoral policy issues.

Based on this recommendation, a Policy Analysis and Strategic Planning and Coordination Department were established in the Government Administration. The government developed a strategic document on policy planning and coordination approved by Government Resolution

on 19 August 2015.[7] Following an analysis of the prevalent situation and the identification of specific challenges, the need arose for developing a legal framework for policy planning. This framework should clearly define the types of planning documents, their hierarchical sequence and interlinkages, the timeframe within which they should be developed, and a schedule for their periodic updating. It should also state clearly which authority is responsible for developing the document and monitoring its implementation. It was also considered important to elaborate a uniform system for policy planning accompanied by methodological instructions for its development.

Subsequently, the list of the mandatory documents for policy planning was developed, and implementation procedures were approved. In addition, the methodological guidelines and directives were elaborated, and each stage of policy development was defined.[8] The main focus is currently on establishing the connections and linkages between policy planning and lawmaking. In this context, the Regulatory Impact Assessment (RIA) system is being introduced in order to minimise potentially negative impacts of planned policies on citizens, business entities, and on trade and investment; as well as aligning such policies with the ongoing technological changes and international market challenges. It is imperative that the RIA becomes an integral part of the policy development and decision-making cycle. Thus, special legislation is being developed that would provide the legal framework for utilising RIA in the legislative process.

What is also being developed is the link between policy planning and budgeting, as the breakdown of costs associated with policy implementation correctly reflected in the government budget is a key factor influencing the successful implementation of any policy. The government plans to pass a Resolution that will regulate the reflection of any expenditures associated with policies on the making in the corresponding policy-planning documents. Moreover, in order to effectively implement policy-planning reform, it is necessary to identify clearly the objectives and responsibilities of each ministry's employees responsible for the policy process. That is why, since 2015, a department responsible for policy

[7] Resolution № 427 of the Government of Georgia (19.08.2015) approving the "Public Governance Reform Guide 2020" and the "Policy Planning System Reform Strategy for 2015–2017".

[8] E.g. analysis, planning, implementation, monitoring, and evaluation.

planning has been established and is operational in each Ministry in Georgia.

Furthermore, with a view to efficiently implement government policies, active public participation and involvement in the new planning system have become an important element and a management tool for the policymaking cycle and processes. Active public involvement is ensured through a platform for dialogue, giving the government the opportunity to provide information to the public and receive its feedback before making decisions on the use of scarce resources and setting the appropriate priorities.[9]

Notwithstanding the already implemented reform measures, further reforms are needed in Georgia with regard to policy planning and coordination. Accordingly, the Public Governance Reform Guide 2020 includes a list of important actions together with relevant indicators that will measure the degree of success in their implementation.

6.3.2 Accountability

Accountability, transparency, and openness are complex and key issues for democratic public governance recognised by the Government of Georgia. Thus, this component aims at coordinating the steps made towards the fight against corruption in the strategic fields envisaged by the National Anti-Corruption Strategy and Action Plan, in order to ensure civil society involvement, to increase the level of education and public awareness in this regard, and to introduce and strengthen the existing anti-corruption mechanisms. Reform initiatives in this area aim at increasing public confidence and trust in public institutions and the government, strengthening governance, preventing corruption, enhancing government efficiency and transparency, as well as accountability to, and accessibility of, the public. Consequently, in order to manage issues related to accountability, the Government of Georgia chose a systematic approach and unified its vision in three policy documents: (i) "National Anti-Corruption Strategy and Action Plan"; (ii) "Georgia's Open Government Partnership 2014–2015 Action Plan"; and (iii) "Digital Georgia: Electronic Georgia Strategy and Action Plan".

[9] The ICHANGE electronic platform; see Portal for Petitions, https://ichange.gov.ge/.

In 2010, the Inter-agency Anti-Corruption Council was established and became operational.[10] The Anti-Corruption Council represents a core mechanism for coordination and inter-agency relations in the fight against corruption and is responsible for the development and implementation of anti-corruption policy in Georgia. Its functions include the coordination of anti-corruption measures, the development of the National Anti-Corruption Strategy and Action Plan, periodic updates of strategic documents and supervision of their implementation, development of relevant recommendations and suggestions, and ensuring follow-up on international recommendations and reporting.

In the same year, the Council developed the Anti-Corruption Strategy and the 2010–2013 Action Plan for its implementation. In 2013, the Anti-Corruption Council started updating the Anti-Corruption Strategy and developing a new Action Plan for 2015–2016. The comprehensive and inclusive process of the strategy development was led by nine thematic groups, congruent with the respective priorities that were co-chaired by the relevant public institutions and civil society organisations' representatives selected by the Anti-Corruption Council. In addition to the Anti-Corruption Strategy and the 2015–2016 Action Plan, the Council developed the monitoring and evaluation methodology for the assessment of implementation of the provisions contained in the anti-corruption strategic documents (approved on 4 February 2015). The main objective of the methodology is to evaluate the implementation of measures defined for the 13 prioritised directions of the Strategy and Action Plan in order to identify the achieved results, remaining challenges, and unforeseen gaps.

In the early part of 2014, the Open Governance Forum—Open Government Partnership (OGP) was created, a national coordination-consultation mechanism, which consists of relevant institutions, other stakeholders, non-governmental and international organisation representatives as envisaged by the Action Plan. The Open Government Partnership (OGP) Action Plan for 2014–2015 is a joint product of the Government of Georgia and NGOs. The Forum devoted two extended Round Tables, 4 planned and 2 *ad hoc* sessions to the development of the Action Plan. Individual meetings and intensive consultations between the Secretariat, the responsible government departments, and civil society representatives were held for the Action Plan elaboration. The final

[10] Law of Georgia on "Conflict of Interest and Corruption in Civil Service", (17.10.1997).

draft Action Plan was reviewed and accepted on 6 June 2014 at an extended Forum meeting. The Open Government Partnership Action Plan for 2014–2015 was approved by the Government of Georgia on 18 September 2014.[11] The Action Plan unites 27 responsibilities of 16 responsible institutions and responds to four major challenges of OGP, the following: (i) improving public services; (ii) improving the level of honesty and integrity in the civil sector; (iii) better management of public resources; and (iv) creating a safe environment.

It is important to note the current practices in Georgia regarding the proactive publication of public information. The Government Resolution № 219 clearly defines the institutions that are required to publish proactively such information, as well as the procedures that public institutions should follow for the information to be published. Although the current practice of proactive publication of information is rather optimistic, an absolute majority of public institutions' websites present a wide range of information, e.g. legal documents, acts, annual reports, organisational charts, contact information, etc. Moreover, significant attention is paid to the proactive disclosure of information by the municipalities of Georgia. Most of the municipalities have issued a legal act that is similar to the Government Resolution № 219, which provides detailed information on the content of, and procedure for, proactive publication of information. A similar tendency is also in place in the court system, where the courts systematically publish information of interest to the public.

The Government of Georgia after the Rose Revolution, recognising that ethical issues—e.g. conflicts of interest, corruption incidences, and a non-ethical work environment—are threats to public institutions and their proper functioning, started introducing anti-corruption mechanisms in public administration and the civil service system. Since then, essential reforms have been undertaken that significantly improved Georgia's positioning in the world's leading public integrity ratings.

Among those mechanisms were the provision of public services through the Houses of Justice based on the single window principle, as well as the e-government platforms and many more. In addition, it is necessary to highlight the introduction of a powerful anti-corruption prevention mechanism that is the establishment of a public servants' assets declarations transparent system, as well as a system for monitoring their

[11] Resolution № 557 of the Government of Georgia (18.09.2014).

declarations.[12] It is also important to emphasise the initiatives undertaken in relation to ethics and codes of conduct in the civil service. For the first time, a set of uniform legal rules were adopted in the form of a Code of Ethics that provides a detailed description of what constitutes ethical and non-ethical behaviour in the civil service; as well as the values the civil service should uphold as an institution providing public services based on the principles of meritocracy.

6.3.3 Provision of State Services

This component aims at improving public service delivery in Georgia, so that it is transformed into a well-oriented and citizen-friendly system, providing quality and affordable services to all citizens of Georgia.

Public services in Georgia are provided through service agencies under various ministries, the ministries directly, or NGOs that receive public financing for the purpose. Each institution has its own distinct mandate defining its respective functions and scope of activities, as well as normative acts regulating the calculation of service provision fees. Service delivery is regulated by various legal acts, since there is no universal regulation on the central level in place that would ensure uniform access to services.[13] An informal system of quality assurance is somewhat in place and operational. Public services are mainly provided in a face-to-face mode; however, electronic service delivery is progressively expanding in recent years.

The Public Services Development Agency of the Ministry of Justice operates the "Innovative Services Laboratory (Service Lab)", aiming at the provision of consumer needs-oriented services. The Service Lab collaborates with various public institutions, such as the Emergency

[12] The law grants the Civil Service Bureau (CSB) with the authority to verify the accuracy and correctness of the information in the public officials' assets declarations. In case of an offence, impose a fine equal to 20 per cent of a concerned public official's remuneration or, in case of a suspected criminal offence refer the assets declaration to the General Prosecutor's Office. This mechanism has been in effect since 1 January 2017 and it has resulted in improving the responsibility of public officials in completing their assets declarations, as well as in increasing public trust in the country's civil service.

[13] The existing policy framework for improving the delivery of services is regulated by the following documents: (i) "Open Government Partnership Action Plan for 2014–2015"; (ii) "Digital Georgia—E-Georgia Strategy and Action Plan for 2014–2018"; and (iii) "Public Finance Management Strategy for 2014–2017".

Management Centre (112) of the Ministry of Internal Affairs. Moreover, the Service Lab ensures the improvement of availability of, and access to, services for persons with disabilities engaging them directly in the process of public service delivery to fit their specific needs. For example, the web portal of the Ministry of Internal Affairs has a voice feature intended for the blind and sight-impaired persons. Furthermore, an emergency service has been made available for deaf and sight-impaired persons. In addition, a number of services, such as property or business registration are carried out through the "House of Justice" in urban, and through the "Community Centres" in rural areas.[14] Moreover, special services for socially vulnerable groups are provided by NGOs that are financed through the state budget.[15]

The United Nations (UN) and several other international organisations have recognised the provision of innovative services by the Government of Georgia in the public sector. The Ministry of Justice has been awarded a prize for the "House of Justice" public service modality, in the category "Improvement of Public Service Delivery".[16] The "House of Justice"[17] administers a bilingual webpage in Georgian and English. The webpage users can access the e-services page, where approximately 40 services are electronically accessible.[18] Similarly, the State Procurement Agency has received an award for its online state procurement system in the category "Corruption Prevention in the Public Service".

In sum, even though the provision of public services has significantly improved over the past few years, there is room still for further improvement and development. For example, there is no consistent policy and

[14] In general, access to services is easier in the cities compared to rural areas, where the need for significant improvement still exists.

[15] Territorially, the Ministries of Internal Affairs, Justice, Health, and Education provide the most demanded public services throughout the country.

[16] The United Nations Public Service Day (2001), UNPAN; http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049650.png.

[17] House of Justice (2015); http://psh.gov.ge/index.php?sec_id=16&lang_id=GEO.

[18] Such as: tax lien/mortgage registry; cadastral data; entrepreneurial registry; property registry; certificate of no-constraints to marriage; the Georgian Legislative Herald; electronic auctions, etc. However, e-services are available in Georgian only. Furthermore, the Ministry of Finance provides tax documents in electronic format; the Ministry of Labour, Health, and Social Protection operates a health care management system accessible through its web portal; and the Ministry of Education provides an electronic registration system for school children and for applications to sit the unified national examinations.

legal framework for administrative procedures in place, at the central level, that would provide a unified policy for public service delivery, including electronic services and website portal authorisation and identification, service fee payment procedures, data security and uniformity of service channels. Moreover, there is no rule or standard that would support the continuous development of the quality of basic public services or policy that would provide equal access to services for groups with special needs. Taking into consideration the above, the following objectives were defined in the field of service delivery:

- Develop a unified policy for delivering high-quality services and ensuring that public services respond to customer needs;
- Develop a single legal framework for administrative procedures to minimise specific individual regulations;
- Create a universal system of quality assurance for public service delivery.

6.3.4 Public Finance Management

Another component of public governance reform in Georgia is public finance management reform aspiring to serve the purpose of ensuring financial stability and effective public finance distribution in accordance with the government's priorities. Thus, in 2015 new regulations were introduced, which envisaged the management of the local self-governments and autonomous republics budgets utilising the Electronic Public Finance Management System—an electronic budget and state treasury management system—that would undoubtedly be useful for accurate reporting and for accountability purposes. For this reason, the Ministry of Finance has developed the Public Finance Management Strategy and Action Plan that covers areas that are rather under-developed, and it guides the improvement of certain gaps in the system. This Strategy and Action Plan cover the following areas: (i) budget management; (ii) tax and customs legislation and tax systems; (iii) macro-economic forecasts and analysis; (iv) public debt management; introduction of accrual methods as defined by the International Public Sector Accounting Standards; (v) integrated IT system for public finance management; internal financial control reform; (vi) evaluation and awareness raising; internal audit and

its effective implementation; (vii) e-auction management system upgrade; and (viii) enterprise resource planning.

A shortfall of the Public Finance Management Strategy and its Action Plan is that both documents focus on strategic processes and documentation that are essential for managing public finances, but, at the same time, they provide room for avoiding appropriate implementation issues, particularly in management measures and resource planning. Consequently, in order to create a transparent financial management system, the exact definition of the manager and the specific management structure of an institution are needed, along with a clear chain of accountability. Based on the above, strengthening of the financial management and control system remains the core of the reform in this sector.

6.3.5 Local Self-Government

The local self-government reform component aims at improving the decentralisation process and achieving better governance at the local level. In 2013, the Ministry of Regional Development and Infrastructure (MRDI) participated in the development of the "Main Principles of Decentralisation and Self-Governance Development Strategy for 2013–2014".[19] This document provides details on the sequence of phases and political reforms, as well as for the process of their implementation. In 2014, the "Local Self-Government Code" was adopted.[20] According to an assessment conducted by the Local Self-Government Reform Expertise Centre of the Council of Europe, this Law is in compliance with, and responds to, the requirements of the European Charter on Local Self-Government.[21]

The Government of Georgia has devoted considerable efforts in reforming and developing the local self-government system, although interventions have been fragmented and mainly directed towards regional development. There are no documents outlining a long-term strategy and a relevant action plan in place defining reform implementation in

[19] Resolution № 223 of the Government of Georgia (2013); https://matsne.gov.ge/ka/document/view/2209502.

[20] Organic Law of Georgia "Local Self-Government Code" (2014); https://matsne.gov.ge/ka/document/view/2244429.

[21] "European Charter on Local Self-Government" (1985); http://conventions.coe.int/Treaty/EN/Treaties/Html/122.htm.

ensuring good governance at the local level. Hence, the issue of developing a new strategic and operational framework document is currently on the government's agenda. In this context, it is essential to provide for the capacity development of local civil servants for the effective operation of the local self-government units. It is also essential to strengthen the institutional capacity at the local level, as it is closely related to strengthening human capital in local self-government. The quality of execution of administrative, technical, and social functions explicitly depends on the qualifications, skills, and experience of the self-government units' employees.[22]

6.4 Civil Service Reform

The sixth component of public governance reform is one of the most important ones as it deals with civil service reform and human resource management in the civil service. As the civil service in Georgia is unified, all planned reforms that may be implemented in the area of human resource management directly affect civil servants both at the central, as well as at the local levels of government.

Civil service reform has always been, and still is, on the policy agenda of the Government of Georgia, since the country gained its independence. From the start, the government faced the challenge to create a modern, Western-type civil service, and to establish an institutional framework for a politically neutral and professional civil service, aiming at increasing public confidence in the civil service. Thus, many steps have been taken towards the modernisation of the Georgian civil service, however, the undertaken reforms were fragmented, and they did not envisage systemic transformation of the entire civil service. Following the Rose Revolution and the parliamentary elections of 2012, a significant part of the Government's Action Plan was devoted to civil service reform, commencing with the development of a Concept encapsulating its vision for the civil

[22] According to the new Self-Governance Code, municipalities are obliged to use no less than one per cent of their total budgetary assignments for the remuneration of their employees for training and capacity building activities.

service.[23] Its goals were to set up a civil service based on the contemporary European Principles of Public Administration, a civil service that would be relieved from political pressures; civil servants, whose rights and obligations would be well regulated and safeguarded.

To this end, the Civil Service Reform Concept Council was established upon the Prime Minister's decision in 2013 that comprised representatives of the civil service, academia, and non-governmental and donor organisations. The Council was expected to analyse the prevalent situation in the civil service in order to identify and specify existing difficulties. The Council members identified the tasks and challenges faced by the civil service, studied European best practices, as well as the principles of public governance used by the European Union (EU) countries for devising the civil service reform concept for Georgia.

As a result of this exercise, ten important categories/clusters were recognised that needed reform and institutional strengthening, which were deemed essential for the establishment of a civil service based upon Western principles, and for overcoming the challenges faced by the Georgian Civil Service. The work of the Council culminated to the Civil Service Reform Concept, which was approved by the government in 2014, and whose content became the basis for the adoption of the new Law on Civil Service in 2015, followed by a functional and institutional analysis of public institutions initiated in 2016.[24]

The Civil Service Reform Concept describes the existing challenges in 10 different areas, it identifies the associated issues and provides recommendations for legal, as well as practical solutions.[25] For example, it

[23] It is noteworthy that the Government of Georgia started working on the concept of civil service reform, as part of the public governance reform plan much earlier, before it started developing the Public Governance Action Plan.

[24] Resolution № 627 of the Government of Georgia (19.11.2014) on "Approval of the Civil Service Reform Concept and Some Other Related Measures".

[25] These 10 areas are: (i) Definition of the civil service: Main objectives of civil service legislation; (ii) Scope of the civil service: The category of positions to which the civil service legislation is applicable, as well as the positions governed by other legislation; (iii) Centralised system for the management, coordination, and oversight over the civil service: Information related to the management of the civil service among government agencies; (iv) The classification system: the criteria for managing the civil service positions system and horizontal and vertical movements from/to positions; (v) The remuneration system: The scheme of cash and in-kind remuneration that is in line with the classification system; (vi) Hiring in civil service: The methods and conditions for hiring into the civil service (including qualification requirements, probationary period, etc); (vii) Managing

describes the challenges involved in establishing a politically neutral civil service, as well as the problems arising if the civil service remains politicised. It also provides legal provisions, as well as practical solutions for establishing a politically neutral civil service, e.g. by strengthening the notion of political neutrality, explicitly drawing the line between the political and administrative governance levels, and by formulating the definition of a professional civil servant that is clearly distinguished from the concept of a political appointee or official. Furthermore, the Concept underlines the necessity of introducing and legally regulating strict procedures for hiring professional civil servants into the civil service, as well as availing the competition and selection process of political influence.

The decision of the Government of Georgia to develop a research-based civil service concept that would include key issues and principles for radical civil service reform should be positively assessed. In fact, this has been one of the rare occasions, where a conceptual study and public reviews were undertaken prior to developing a draft law; moreover, that recommendations were incorporated into the draft law and subsequently enacted into law. Thus, this complex reform had a solid legal basis and the likelihood of making mistakes in the course of implementation has hopefully been minimised. Such legislative work was a novelty for a post-soviet political system, and thus an event to be truly proud of with respect to the entire system reform.[26]

In parallel to developing the civil service reform concept, the Government of Georgia started working on the Civil Service Reform Action

civil servants: The regulations of the entire cycle of human resources management (HRM) starting from hiring to dismissal/layoff, including, evaluation, relocation, promotion, planning retirement, and other processes, whose purpose is to increase the capacity of the civil service in HRM; (viii) Rights and duties of civil servants: Rights and obligations of civil servants, information about disciplinary proceedings, and sanctions; (ix) Training and professional development: Information with regard to the development of capacity of civil servants; and (x) Equal opportunities for men and women ("Gender mainstreaming", as well as, equality in the civil service in general), methods for ensuring equality and monitoring (e.g. in the process of hiring and promotion, as well as in terms of the work environment and decision-making).

[26] It should also be noted that civil service reform was one of the requirements Georgia had to fulfil for visa liberalisation. The Civil Service System Reform Concept based on the European Principles of Public Administration, as well as the Law of Georgia on Civil Service of 2015 have been rated by European colleagues as one of the most successful steps taken in the process of reform. In 2017, Georgian citizens were granted the right of visa-free travel to Schengen countries.

Plan, involving academia and NGO representatives, as well as experts. As a result, the Government of Georgia issued Resolution № 427 (19 August 2015) approving two important documents: (i) the "Public Governance Reform Guide 2020"; and (ii) the "Policy Planning System Reform Strategy for 2015–2017". Despite the fact that these documents were approved almost a year after the approval of the Civil Service Reform Concept, they are contextually in conformity with one another. They are all in full compliance with the ten categories/clusters identified for the reform of the civil service.

Civil service reform initiatives implemented nowadays are based on the Public Administration Reform Guide 2020 and they include significant activities aiming at improving human resource management and institutional governance both at the central and local levels of government. The Public Governance Reform Guide 2020 provides substantial provisions for civil service reform, including a list of specific steps, objectives, and means for their implementation that will result in a reformed civil service. For example, while the Concept provides for creating and strengthening a transparent, equitable, and fair recruitment system for civil service, the Public Governance Reform Guide 2020 provides for both an opportunity to implement it, as well as several indicators to assess its progress.

These documents also formed the basis for specific measures resulting in the adoption of the new Law on Civil Service and subsequently 13 subordinated legal acts. It should also be noted that the civil service reform is not limited to adopting the necessary laws and subordinate acts and in preparing the Guide. The Public Governance Reform 2020 document also contains specific performance indicators, as well as specific objectives for the implementation of the normative acts adopted, thus forming the reform process agenda until the end of 2020. In sum, some efficient measures were adopted to reform the civil service and all efforts were consolidated to develop a substantiated and well-analysed civil service reform strategy that would respond to modern challenges.

6.4.1 Scope of the Civil Service

The Law of Georgia on "Civil Service" clearly distinguishes between public and civil service, and between public or political officials/appointees and professional civil servants. Public service includes the activities of all three branches of the government, except those activities that fall under public governance, which are carried out by professional

civil servants. In particular, the activities are undertaken within the legislative, executive, and judicial branches of governments, as well as the activities of public institutions carrying out control functions are regarded as part of public service. Conversely, functions and activities associated with a continuous, professional undertaking of duties based on the principle of loyalty towards the country and people fall under the category of the civil service.[27]

However, in order to have a clearer understanding of the definition of civil service, it is necessary to distinguish between categories of civil servants employed in public administration. The term civil servant is a general term that includes all employees—except for state political and political officials—who carry out public management activities within public institutions. The category of professional civil servants is one of the largest and most important categories in public administration. Individuals who are tasked with the coordination, promotion, and involvement in the decision-making processes in the legislative, executive, and judicial branches of governments, as well as with the coordination of public governance functions in local self-government and in the LEPLs[28] are called the civil servants' corps. These are all servants/employees who are bound by the principle of loyalty and the obligation to serve the people and the country, in its philosophical and legal sense. This notion constitutes the basis for all principles, unity of rights, and obligations permeating civil servants. The guarantee of the principle of loyalty, in particular, is based on a well-organised, legally regulated, and protected status of civil servants, which is necessary to safeguard their loyalty towards the people and the country, as well as to avail the civil service from any political influence (Kardava 2017: 149).

According to the logic of the Law, the work of the Members of Parliament (MPs) in the Parliament is a political activity. MP status is granted to a person through the political elections process. Hence, the MPs are state political officials, while the staff in the Parliament, who work in the Parliament indefinitely and are committed to carrying out their professional duties based on the principles of political neutrality and loyalty towards the people and the country, are considered to be part of the

[27] It is worth noting that individuals employed in the public sector are granted their legal status based on the nature of their functions.

[28] Legal Entities under the Public Law Status.

civil service, and, thus, professional civil servants. Similarly, ministers and their deputies, in the executive branch of government, are considered to be state political officials, while the ministries' employees are professional civil servants carrying out their functions and tasks based on the principles of political neutrality and of loyalty towards the people and the country. Likewise, judges are public officials of the judicial branch of government, who exercise the rule of law, while the courts' employees, who carry out the functions of justice in accordance with the principles of political neutrality and of loyalty towards the people and the country, are also considered professional civil servants.[29]

It should be noted that this is also the case at the local self-governance level. Accordingly, Mayors, Deputy Mayors, Heads of City Assemblies (*Sakrebulo*), and their deputies are granted the status of political officials, who occupy their positions through the political elections process. However, individuals who hold a position in the local government administration are also considered civil servants, as they are mandated to exercise their duties constantly and continuously, based on the principles of political neutrality and loyalty considering the interests of the people and the country. In Georgia, civil servants are also found in legal entities of public law status (LEPLs). The Heads and Deputies of LEPLs are not categorised as professional civil servants, while the staff members of the organisations are, according to the Concept.[30]

In parallel with the civil servants' corps, public administration organisations also employ individuals under labour and administrative contracts.

[29] By profession, a public servant represents the subject of the governing body, carrying out the functions, which do not (should not) depend on the content of politics. In particular, the public servant shall execute administrative proceedings based on the provisions of the General Administrative Code, regardless of the political vision and belief of a ruling political party elected or appointed officials. The guarantee of independence of professional public employees creates the conditions for exercising their functions unhindered from any undue interference. The warranty of the independence of the work of professional civil servants is based on legal regulations delineating their functions—those functions that are to be undertaken in accordance with the principle of loyalty towards the people and the country.

[30] Resolution № 627 of the Government of Georgia (19.11.2014) on "Approval of the Civil Service Reform Concept and Some Other Related Measures". As of December 2018, the Law of Georgia on Civil Service is partially applicable to the LEPLs, as reform of the LEPLs is underway. Once the reform is completed the categories of LEPLs, to which the Law of Georgia on Civil Service shall apply, will be defined and determined fully.

The distinction between such categories of employees can only be discerned through an analysis and synopsis of their functions. In general, the functions performed by individuals employed under a general labour contract are usually of supportive and technical nature contributing indirectly to the accomplishment of a public institutions' mandate. Employees under this category hold positions in public institutions that are not envisaged for professional civil servants, whose primary purpose is to accomplish the mission and objectives of the public institutions concerned.

Moreover, contractual positions are non-staff positions for which the provisions of the Labour Code of Georgia apply, taking into consideration the exceptions defined by the Law of Georgia on Civil Service. Considering this issue in more detail, it is noteworthy that, before the enactment of the Law of Georgia on Civil Service (27.10.2015), the employment arrangements of individuals who were employed under a labour agreement and performed similar functions did not differ from those who were employed as civil servants under a permanent staff contract. There was none or very little functional difference between them, with the only difference being their legal employment regime.

The existing situation and practice caused several legal, as well as technical problems. For instance, the loyalty and/or the political neutrality principles of those individuals who were employed under a labour contract, were often disputed, while they were fulfilling their duties and responsibilities. This ambiguity was eliminated through the introduction of the approach, defined by the Law of Georgia on Civil Service (27.10.2015), according to which a strict differentiation is made between those employed under a labour contract and those employed as professional civil servants on permanent staff positions. Once the Law came into effect, individuals who carry out non-permanent and technical functions are employed at non-staff positions and they are hired under labour contracts in the civil service. The legislation also defines strict limits for the number of persons to be employed under a labour contract. The Law of Georgia on "Remuneration in Public Institutions" states that the number of persons carrying out technical functions in a public institution shall not exceed 5 per cent of the total number of individuals at staff positions.[31]

[31] Law of Georgia on "Remuneration in Public Institutions" (22.12.2017).

As for individuals employed under an administrative contract, their type of contract was entirely extraneous for the Georgian civil service law. The administrative contract has existed in Georgia, appearing as a legal form to regulate administrative-legal relations since 2000. The Law on Civil Service of 2015 provided the basis on which this type of contract could be introduced in the Georgian civil service law as well. An administrative contract is afforded to an individual, who supports state political officials in dispensing their duties by providing field/sectoral advice, intellectual and technical assistance and/or carrying out organisational and/or managerial functions, and who is not employed at a position envisaged for a civil servant or a person employed under a labour contract.

For instance, the administrative contract modality is used for employing individuals in a public institution, as advisers, assistants to ministers, as well as staff within a minister's office. Their functions and duties imply the provision of support to ministers in carrying out their public and legal duties and not carrying out functions of public governance directly, i.e. functions that are performed by professional civil servants. A person employed under an administrative contract is strictly a minister's assistant/advisor and cannot perform functions of public governance in the respective public institution. Furthermore, the Law of Georgia on "Remuneration in Public Institutions" defines the limits with respect to the number of individuals employed under the administrative contract modality and it sets their remuneration.[32]

The Law on Civil Service of 2015 defines the new rules for hiring professional civil servants, according to which an open competition is conducted only for filling vacancies in the lowest positions (fourth rank), while for filling vacancies in higher positions (third, second, and first rank) a closed competition approach is used. Namely, only individuals who are already employed in the civil service system can apply for an announced vacancy, thus afforded an opportunity to advance in their careers. However, the open competition modality is used for filling high-level position vacancies only in exceptional cases.[33]

[32] The number of individuals employed under the administrative contract modality shall not exceed ten per cent of the total of those employed at staff positions.

[33] Public institutions do need the consent of the Head of the CSB to announce an open competition for filling high-level positions instead of using the closed competition procedure. The CSB is a single centralised management unit responsible for public service

Distinguishing between open and closed competitions is still a novelty for the Georgian civil service. The introduction of the closed competition practice, by the lawmakers, aimed at overcoming the nepotism and protectionism that existed in the country before, as well as to minimise the likelihood of subjective decision-making and to increase the motivation of professional civil servants. Using the closed competition procedure will result to the selection of an individual among professional civil servants only, who are already in the public service, through a transparent competition process, one in which a minister has no opportunity to make a discrete decision on promoting specific civil servants. This provision is working well within the civil service system and, at the same time, it does not rule out the possibility to attract relevant human resources from the private sector, as it also allows for an open competition—in case the closed competition does not yield results—in agreement with the Civil Service Bureau (CSB).

The work of the competition commissions in Georgia has always been subject to criticism, as since a political official would usually be appointed as chairperson of the commission, there was always the tendency and the likelihood that decisions made could be politically influenced through the stages of the selection process. Thus, the new Law has changed the procedures for forming competition commissions. The new system explicitly restricts political officials (ministers, mayors, chairmen of City Councils, etc) becoming chairpersons of competition commissions. The Law provides for civil servants of the first or second rank only to become chairpersons of competition commissions and grants them the authority to set up competition commissions.[34] All commission members, including the independent member, have voting rights to decide on the selection of a suitable and appropriate candidate in a collegial manner.

Availing competition commissions from political officials is another big step forward towards freeing the civil service from political influence in Georgia. It is also another prerequisite for increasing public confidence in public competitions. Besides the legislation determining the composition of competition commissions, other legislation provides for

management and it has the authority to supervise the uniform application of the Law on Civil Service throughout the country.

[34] However, it is mandatory for the competition commissions to include among their members a person responsible for human resource management in the department for which the vacant position is announced, as well as an independent specialist.

significant novelties with respect to the workings of these committees. Specifically, the legislation defines the rules for decision-making by the competition commissions, as well as the stages of a competition, aiming at minimising the likelihood of subjective decision-making to the extent possible. Furthermore, a new rule, introduced by the Law, for the protection of the applicants' rights is also worth mentioning. Applicants, who fail to pass the first stage of a competition (review of application documents) have the right to immediately refer to the CSB and request a review of the decision made by the commission with regard to compliance of their application with the formal competition requirements.[35] It should be noted that, the number of applicants who have benefited from this protection mechanism is high, which indicates the efficiency of this legal provision.[36]

Another novelty introduced in the Georgian civil service system is the unified centralised electronic system of civil service management in place. This system is managed by the CSB, which has access to the electronic data of all employees in all public institutions, and through this, it ensures the efficient administration of a series of actions in the human resource management, as defined by the new law. For instance, the CSB may determine whether a vacancy announcement should be filled through a closed or an open competition, based on the information stored in the system, or easily obtain information about vacant positions, for mobility-related purposes of professional civil servants.[37] This unified centralised electronic HR management system is a simple and effective mechanism to provide, to the CSB, an accurate picture on key issues related to human resource management in public institutions across the country.

The idea and principles of a career-based civil service were extraneous to Georgia, as was also the case for almost all post-Soviet countries. Thus,

[35] The CSB is obliged to review the compliance of applicants' documentation with the competition requirements within two days following the date of registration of such request and in case of a revealed violation, issue a recommendation ensuring the affected applicants' admissibility in the next stage of a competition.

[36] An increased number of applications could be an indicator that the culture of civil servants is starting to change, as they have the opportunity to fight for their rights, which was not the case before this regulation was enacted.

[37] Information about staff relocation is collected and entered into the system. Job descriptions, as well as information on staff assessment results and training needs of staff are also stored in the system; all facilitating the mobility-related decision-making process for professional civil servants.

strengthening the meritocratic principles was the starting point in the reform of the Georgian Civil Service. Due to this fact, Georgian legislation includes provisions reflecting the principles of career advancement and meritocracy. In this respect, it is interesting to review the provision on horizontal mobility from/to positions considering the competencies and professional experience of a professional civil servant, which is also new and significant for the Georgian civil service. According to this provision, civil servants may be transferred to a functionally distinguished position of the same rank upon their own request, as well as upon the decision of a public institution concerned.

In particular, it is important to note that this provision does not imply vertical career growth, but it instead provides the opportunity for horizontal professional development. In this case, civil servants relocate to another position at the same hierarchical level by merely changing their functions and thus developing professionally by acquiring new and different competencies and by learning other types of work; thus, creating a firm basis for their vertical career movements in the future by making themselves more competitive in the internal job market. This is a new practice in Georgia not used intensively thus far—although common in several Western countries. However, by emphasising its essence, and by demonstrating and promoting its benefits will eventually lead to an improved and more developed civil service in the future.

Assessment of professional civil servants is another new practice that was introduced in the Georgian civil services about a year ago. Despite the scepticism expressed towards its practical application, it should be noted that such practice makes a powerful tool available to managers for better managing their human resources. According to Georgian legislation, there is no single methodology and method for assessing civil servants' performance. Public institutions choose the methods for assessing their civil servants' performance freely, however, there are uniform procedural and legal approaches to this issue defined by the legislation, including how results are derived through the uniform assessment. Therefore, this discretion in choosing the methodology to be used is pre-conditioned by the fact that the Georgian civil service is diverse. Consequently, as the

functions and tasks assigned to civil servants are also diverse, it is impossible to agree upon a single method and methodology for assessment that would prove to be efficient and successful in all areas.[38]

Further development and strengthening of the professionalism of the career civil servants is a priority task for the Government of Georgia.[39] For the first time, the law provides for the professional development of civil servants. The Georgian Law on Civil Service of 2015 devotes a separate article to professional development of career civil servants. Based on this provision, the Government of Georgia adopted a Resolution approving professional development standards and rules. Analysis of the relevant legal documents indicates that the state assumes the responsibility for ensuring the professionalism of career civil servants. Specifically, once the needs for the professional development of civil servants are identified, the state provides them with compulsory training courses. Moreover, if civil servants desire to learn and develop further professionally, public institutions provide them with additional leave for learning purposes.[40]

The legislation distinguishes between basic and complementary professional development programmes for civil servants. Basic training programmes are mandatory for all newly recruited civil servants during their first year of appointment, while complementary training programmes are mandatory for existing civil servants and need to be taken within two years after the need for specific training has been identified. A needs analysis must precede to attending mandatory training programmes. The need for professional development of civil servants is based on the results of their assessment, their job description, and the requirements of their position and rank, as well as the priorities of the country and of the public institutions concerned. Under these new regulations, issues related to the professional development of civil servants have become part of the uniform framework and its administration has become the responsibility of the CSB. Specifically, the CSB avails of the annual information on the training needs of civil servants and it has the right to be involved in the decision-making process, by exercising

[38] As already mentioned earlier in the chapter civil servants are public employees who do not only work in the executive branch of government, but also in the legislative and the judicial branches, as well as in the local self-government administrations.

[39] Government Programme, http://gov.ge/files/68_67099_111823_2018-2020.pdf.

[40] Civil servants can take a paid 3-month leave for learning purposes, for every five years of service.

quality assurance over the basic training programmes. In this context, basic training programmes are subject to quality control in determining the sustainability of the civil servants' professional development system using a common approach.

The idea of modernising the civil service and establishing public institutions based on the principle of meritocracy is also centred on caring of professional civil servants to the extent possible. Consequently, the mobility principle has to be emphasised that makes it possible for civil servants to relocate and subsequently be employed by a different public institution, especially in the case where civil servants' employment contracts may be terminated due to reorganisation, liquidation, or mergers of public institutions. The CSB is involved in this process too. Concerned public institutions submit lists of civil servants subject to mobility. Using the unified centralised electronic system of human resources management, CSB searches through the existing relevant vacancies and, in case of consent of the recipient institution, administers the mobility of servants to a different institution at the same or lower position. If civil servants cannot be relocated to a different public institution, they will be included in the civil servants' reserve pool for a term of two years and given compensation equal to 3-months' remuneration.

For a country like Georgia that recognises Western values, firmly committed to the European and Euro-Atlantic integration, ensuring the development of an independent civil service is a primary challenge. It also involves the protection of the rights of civil servants, and, most importantly, availing the civil service from political pressure and introducing strict regulations pertaining to the dismissal of civil servants. The Georgian civil service has often been subjected to criticism for the dismissal of civil servants for political reasons. However, this vicious practice is entirely eradicated by the new Law on Civil Service that strictly defines the mandatory terms and conditions under which civil servants may be dismissed. This practice is now strictly regulated by the Law of 2015, including the resignation of civil servants. The Law takes a strict approach towards civil servants' resignation, as it implies that they are not immediately relieved of their obligations upon resignation. Resignation does not automatically result to issuing the order of release, but it affords civil servants 14 days, within which they may withdraw their resignation. However, recalling one's resignation must also be accepted by the top management of the

public institution they serve.[41] The introduction of this provision ensured the eradication of this vicious practice of the past, where mass dismissals of civil servants took place based on the resignation notices they were forced to write. Moreover, this provision has been positively assessed both by practitioners, as well as academics.

Additionally, the Law on Civil Service introduces another important novelty by specifying the procedures related to administrative proceedings for protecting civil servants' rights. Civil servants have the right to complain about any alleged violation of their rights at a court and claim restitution of their allegedly infringed rights; as well as, in the case of unlawful dismissal, compensation for the missed working time, to which they are entitled from the day of dismissal to such time when the court ruling is issued.

This discussion would not be complete without mentioning another important law, the Law of Georgia on "Remuneration in Public Institutions". This Law represents another novelty for the Georgian legislation. Until the adoption of the law, there were no uniform framework regulations on remuneration in place, or if there were, they were vague, leaving considerable space for different interpretations. The Law on Remuneration in Public Institutions was adopted by the Parliament of Georgia on 22 December 2017 and is in effect since 1 January 2018. Its added value is that it establishes remuneration coefficients for the nine positions of the four ranks of civil servants.[42]

Moreover, it is noteworthy that the law defines restrictions on the wage supplements. Specifically, wage supplements may only be added on the basis of overtime work or additional functional workload and such wage supplements may not exceed 20 per cent of the annual salary of the civil servant concerned. As for cash rewards, they can be afforded to civil servants only in cases their performance is rated outstanding or good. In

[41] There is one exception for this, when civil servants move to another workplace. In this case, they may be immediately released from their duties and obligations. In all other cases, civil servants are subjected to the 14-day period, within which they may withdraw their resignation.

[42] Multiplying the basic salary for a given position with the relevant coefficient derives the remuneration level of civil servants occupying the position.

this case a cash reward cannot exceed 10 per cent of the annual salary of the civil servant concerned.[43]

The information above has provided an overview of the difficult path Georgia has taken to reform its civil service. The basic premise permeating such reforms is the vision of establishing a professional civil service in Georgia, which is characterised by ethical values, meritocratic principles and it is not politicised.

6.5 Future Plans

Public administration reform is a continuous process. It would probably be impossible to name a country, including Western countries that has implemented public administration reform initiatives and it is now merely observing its results. Public governance as a tool for providing public services is constantly changing. It needs to always be ready to respond to new challenges that rapidly changing societies face. Moreover, in the case of post-Soviet societies, it is impossible to undertake the changes slowly. For instance, in Georgia, the necessary reforms were implemented in a short period of time and in different directions, as it was a country in transition and in great need to shift from the Soviet command system to a modern market economy. Furthermore, as the development of the Georgian society is progressing at a great pace, its demands from the state not only to continually advance, but also to take multiple and diverse steps, effectively reflecting the Georgian society's speed of transformation.

Consequently, public governance, as an activity serving the public, as well as the entire state have to be adequate and be able to deal with emerging new challenges with dignity, as under the current circumstances, nearly 20 per cent of the country is occupied. In this context, the existence of short, medium, and long-term plans for launching new initiatives in almost all fields of public governance, as well in the civil service remains a primary challenge. Therefore, developing sectoral policy documents and ensuring the sustainability of civil service and enhancing its professionalism are considered particularly important initiatives.

[43] The rules of remuneration are common to all persons employed in the public sector, including those who are not professional civil servants and are state political, political officials, public servants, as well as persons employed under the administrative and labour contracts.

Furthermore, despite the legal novelties that have been introduced, it is still imperative to resolve problems and issues that have arisen during their implementation, as part of the ongoing and future reforms. In sum, future initiatives for public administration reform should focus on using a unified approach towards the enactment of legislation, minimising organisational gaps, increasing the level of proficiency in the civil service, and ensuring the effectiveness and efficiency of governance throughout the territory of Georgia, and in the occupied regions in particular.

6.6 Conclusions

Georgia's reforms of its public administration and civil service demonstrate the path the country has taken to date, and that it has made significant progress. The ambition of Georgia to have in place a Western-type, meritocracy-based, solid, and professional civil service is not a utopia and its efforts prove that with consistent and consolidated work of politicians in cooperation with the other branches of the government, it is possible to achieve tangible results.

It has not been easy for the Georgian Civil Service to shift from the Soviet system to a modern one, nor was its transition smooth. The country's successive governments had to take a multitude of different steps in relation to amending the relevant legislation and enacting new one, as well as to adopt numerous practical approaches and specific reform steps in order to gradually change the system that was in place prior to the country's independence. In this connection, the political will for change should not be ignored, as if there was no political will and a commitment to support public administration and civil service reform, there would have been not any obvious results.

In conclusion, it is worth noting that public administration and civil service reform is a continuous and long process. Political support, practical and scientific understanding of the content and context of the reform, close communication and exchange of opinions with the public, as well as with civil servants are essential elements to be considered in order for the reform process and effort not to lose the value and the trust of its end beneficiaries and thus become acceptable.

Public Administration is the bridge between the government and the citizen. Satisfaction with the government in the eyes of the public arises from the tangible results of professional, impartial, and accountable governance. Recognising the Georgian authorities' commitment to care for its

citizens, priority was given to taking care of civil servants, upgrading their professionalism, and creating systems in governance processes that ensure accountable and impartial organisational structures.

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CHAPTER 7

Kazakhstan: Progress and Its Paradoxes

Alikhan Baimenov, Maxut Uteshev, and Gulimzhan Suleimenova

7.1 General Overview of the Country

Kazakhstan was the last country among the former Soviet republics to announce its independence on 16 December 1991. Kazakhstan is the world's ninth largest country occupying a territory of 2.7249 million square kilometres,[1] and it is the biggest landlocked country. The country shares the longest continuous land border with Russia (about 7,600 km).

[1] Bureau of National Statistics. 2020. *Demographic Yearbook of Kazakhstan*. Agency for Strategic Planning and Reforms of the Republic of Kazakhstan; https://stat.gov.kz/edition/publication/collection.

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It also borders with China, Kyrgyzstan, Turkmenistan, and Uzbekistan. Administratively, Kazakhstan is divided into 14 regions and three major cities of national significance: Nur-Sultan (Astana), Almaty, and Shymkent. Kazakhstan is a multi-ethnic,[2] and multi-confessional[3] society with a relatively small population of 18.6 million people; of which 56.4 per cent reside in urban and 43.6 per cent in rural areas.[4]

The country is blessed with mineral resources—it ranks first in the world in proven reserves of zinc, tungsten, and barite; second in silver, lead, and chromite; third in copper and fluorite; fourth in molybdenum; and sixth in gold reserves.[5] It also possesses 1.9 per cent of the world oil reserves—estimated at 3.9 billion barrels—ranking 13th in oil production.[6] About 40 per cent of the country's territory is agricultural land utilised principally for wheat production, making the country the sixth largest wheat producer in the world. With immense natural resources, Kazakhstan is classified by the World Bank as an "upper middle-income country".[7]

7.2 Introduction

Over the last three decades, Kazakhstan has come a long way in implementing political and socio-economic reforms while transforming the role of the state. It started with the Declaration on State Sovereignty (1990) and the Law "On State Independence of the Republic of Kazakhstan" (1991) that predetermined the transition towards building a democratic, secular, legal state with a market economy. Public administration reform

[2] About 130 ethnic groups with a predominance of Kazakhs.

[3] Predominantly Muslim.

[4] Bureau of National Statistics. 2020. *Demographic Yearbook of Kazakhstan*. Agency for Strategic Planning and Reforms of the Republic of Kazakhstan; https://stat.gov.kz/edition/publication/collection.

[5] AMME (2020). *Reference information about Mining and Metallurgical Industry of Kazakhstan*. Kazakhstan Mining Portal; http://mining.kz/ru/poleznoe/spravochnaya-informatsiya.

[6] Какое место занимает Казахстан в мировом рейтинге добычи нефти [Where Does Kazakhstan Rank in the World Oil Production Ranking]; http://www.exclusive.kz/expertiza/daily/116798/.

[7] World Bank Country and Lending Groups; https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.

has been an integral part of this process and its evolution, in conjunction with the mutually influencing socio-economic and political processes, is analysed in this chapter.

According to international experts, Kazakhstan has achieved significant success in many directions, over the years. This is reflected in the international indices scores and rankings of the country. At the same time, there are obvious issues with important factors for building a democratic society and market economy, such as anti-corruption and rule of law.

It is noteworthy that the initial stage of the restoration of independence coincided with the period when the New Public Management (NPM) concept was in fashion. As a result, NPM ideas were reflected in the legislative and institutional support provided to the reforms, especially those that were carried out to fulfil conditions for securing loans provided by the Bretton Woods Institutions and other international development organisations. At that time, cooperation with these institutions was critical for economic transformation and for ensuring social stability.

Apparently, the effectiveness and consistency of reforms in different sectors are largely determined by the quality of governance. In turn, the quality of governance is influenced by both successful sectoral reforms and opportunities and constraints determined by the political and administrative systems. This is reflected in the fact that on some indices Kazakhstan is among the top 30 or 50, and on others it is in the second hundred. Thus, the relationship between political, administrative, and operational-technological systems is examined in an attempt to identify the key factors causing such a contradiction, and it is illustrated through the hypothetical model of dynamic concentric spheres depicting the interaction and mutual influence of these systems (Baimenov 2020b).

The analysis of the evolution of public service presented in this chapter follows a timeline delineated by the key milestones, defined by the key political decisions made and the adoption of crucial legislation that signalled significant institutional and regulatory changes in governance under the influence of various factors, e.g. geopolitical and demographic, among others.

The first stage covers the years 1991–1995, when government institutions and the civil service inherited from the Soviet time adapted to

new realities. This period ends with the passage of a new Constitution in 1995,[8] which radically changed the balance between different branches of power, strengthened the unitary nature of the state, and as a result, it transformed institutional and operational conditions of the state machinery. The second stage (1995–1999) is characterised by the formulation of the conceptual and legislative foundations to transition towards a professional civil service and the use of strategic planning methods in government. During the third stage (2000–2006) the professionalisation of the civil service commenced, together with the institutionalisation of the public procurement system.

The fourth period (2007–2011) began with the declaration of the shift towards a service-oriented state, and the introduction of the "One-Stop-Shop" (OSS) concept for public service delivery.[9] The fifth stage, from 2012 to date, signifies the beginning of the implementation of complex measures for further professionalisation of the civil service. This is the period when the senior executive civil service was introduced, and the number of political appointees was reduced. Later, the transition to a career-based model for the civil service was declared; which, in practice, turned into a mixed model. This stage also features the adoption of the Law "On Public Services", the start of actively using digital technologies for public service delivery, the creation of the "Government for Citizens" corporation, and the development of open government and mobile government.

7.3 Political, Economic, and Social Context

In its shift towards building a democratic state with a market economy, Kazakhstan—under the influence of different factors—went and is still going through a challenging and non-linear path of socio-economic transformations and reforms of its governance system. In the early years, after the collapse of the Soviet Union, sustaining socio-political stability in a multi-ethnic society under challenging conditions was a matter of

[8] Constitution of the Republic of Kazakhstan (1995); http://adilet.zan.kz/eng/docs/K950001000_.

[9] Public service centres (One-Stop-Shops) are based on the «single window» approach implemented within the public service delivery reforms. The main goal of the OSS is to improve the quality of public services and reduce the level of corruption.

survival. During this period, the system of public governance was gradually adapting to the new reality, while maintaining the institutional base inherited from the Soviet times, except for the powers of the Communist Party.

The transition from totalitarianism and a planned economy to a democratic society and a market economy that Kazakhstan and other post-socialist countries embarked upon in this period was an unprecedented phenomenon in history. Due to the lack of experience in market reforms, Kazakhstan—as many other neighbouring countries did—drew on both the recommendations of international consultants based on the "Washington Consensus",[10] and the experience of Eastern European countries which had commenced implementing such reforms several years earlier.

It is worth noting that system reforms were dealt with in circumstances where particular attention had to be given to maintaining the manageability of complex governance-related changes. All in the context of compounded socio-economic and political processes intrinsic to imperial collapse periods, including the prevention of separatist ideas of particular ethno-political groups in certain border regions. This situation was further aggravated by high inflation, rising unemployment, and other complications in the economy that occurred due to the breakdown of former economic ties and the rejection of the idea of transition to a market economy and democracy by parts of the ruling elites.

At the same time, the feeling of patriotism awakened after restoring independence, the feeling of responsibility for independence—a centuries-old dream, romantic expectations for the transition to democracy and a market economy, and the desire of many ordinary Kazakhstanis to support the new state by showing stamina and patience, served as fertile ground in the early post-independence years.[11] Furthermore, a high literacy rate among the population and a well-developed network of

[10] The term "Washington Consensus" refers to a set of economic policy prescriptions considered to constitute the "standard" reform package promoted for crisis-wracked developing countries by Washington, DC-based institutions such as the International Monetary Fund (IMF), and the World Bank (WB). Their prescriptions encompassed policies in such areas as macroeconomic stabilisation, economic opening with respect to both trade and investment, and the expansion of market forces within the domestic economy.

[11] This desire of ordinary Kazakhstanis to demonstrate stamina and patience was based on a subconscious sense of responsibility and confidence that every day of peaceful life will strengthen the state.

educational and health institutions also played a positive role; a legacy of the Soviet system. In addition, adaptability, openness, and tolerance inherent in the Kazakh culture were favourable factors at all stages of the reforms, as they allowed reforms to be carried out at an accelerated pace and to reach declared results with minimum resistance (Baimenov 2014; Aubakirova et al. 2016).[12]

Democratic and liberal romanticism, as well as optimistic public expectations about socio-economic outcomes of sovereignty were reflected in the work of the representative bodies of the Republic of Kazakhstan with the Supreme Council at the heart. Elections in 1989, 1990, and 1994 were held under minor influence from the executive branch of government, which led to a rather high role for the representative bodies in the country's political system. Undoubtedly, this was strongly influenced by the work of the first Congress of People's Deputies of the Soviet Union (1989–1991) composed of people of diverse backgrounds and political views, which was broadcast on television and had an unprecedented impact on public opinion. This period may also be considered as a maturing process for representative bodies that were re-acquiring experience in public policy debate in a context of pluralism, that was lost after the suppression of the first modern government in the history of Kazakhstan "Alash Orda" (1917–1920) by the Soviet regime and the dispersal of the *Alash* Party as a result of repression. While this state of affairs contributed to the evolvement and strengthening of democratic institutions, the executive branch faced a new challenge, as significant efforts were required for attaining support of public opinion and members of representatives bodies, primarily of the Parliament, for the implementation of the planned transformations.

To some extent, the support of some Members of Parliament—mainly former party Soviet and economic nomenklatura appointees—for independence and the establishment of democracy and a market economy was related to their habit of toeing the line of the party leadership. Indeed, a certain proportion of deputies perceived independence only as rebranding, and overall, they were mainly oriented to serve their patrons. Strengthening of statehood and socio-economic growth were the only way to overcome their scepticism in relation to both independence and a

[12] In general, the influence of culture on the speed, sequence, and effectiveness of reforms, per authors' opinion, is an important topic that deserves to be the subject of a separate study.

market economy. At the same time, the reluctance of a significant proportion of deputies of different levels to accept free market-related ideas led to a slowdown in the pace of reforms. This situation increased the tension between the executive and representative branches of government, which eventually led to the dissolution of Parliament in December 1993 and served as a pretext to formally justify further limitation of its power and oversight functions.

The 1994 elections to the Supreme Council of the Republic of Kazakhstan (Parliament) formed the first professional Parliament that became the centre of public policy and actual decision-making, claiming a significant role in the political system.[13] At the same time, Supreme Council representation functions prevailed over its law-making role, which affected the speed of market reforms. The Supreme Council retained sufficient control over the executive branch activities, and active oversight of the Parliament's Control Chamber served as a deterrent against abuses in the privatisation process. This again led to a rise in tension between the representative and executive branches of government, resulting to the subsequent dissolution of the Parliament, in March 1995, again.

On 30 August 1995, a new Constitution was adopted by referendum, which weakened the role of representative bodies and increased the powers of the executive. Furthermore, before elections for a new bicameral Parliament took place, 120 presidential decrees were passed (having the force of law as per the Constitution). This was a significant milestone, as it laid the legislative basis for a new market economy and opened the country to investment. However, the endowed weakness of the oversight functions of the Parliament under the new Constitution and the lack of real independence of the judiciary culminated into long-term problems, which have hindered the creation of such key conditions for the effectiveness of a market economy, as the rule of law and fair competition.

Furthermore, the eroded values of society that survived the totalitarian Soviet system created fertile ground for abuse, as one of the moral legacies of the Soviet system was the paradox that society although it condemned the theft of personal property, yet it tolerated theft of public goods. As a result, "*nesunstvo*" was widespread in the last years of the

[13] Baimenov, A, interview by B. Sakhanov: *20 кейсов госслужбы независимого Казахстана [20 Cases of the Civil Service of Independent Kazakhstan]*; https://baigenews.kz/news/alikhan-baymenov-twenty-cases/.

Soviet era (Baimenov and Liebert 2018). This phenomenon was manifested primarily during privatisation, as it was taken full advantage by ruling elites.

All the aforementioned factors led to a surge in corruption, slowed down the development of civil society, weakened accountability of the executive branch, and limited the effectiveness of many sectoral reforms, including governance reform. Subsequently, this also led to the merging of a part of the state machinery with the winners of privatisation, and the emergence of an influential force that opposed systemic reforms aimed at ensuring transparency in public resource allocation and in staging a real fight against corruption. These forces were interested in upholding social and political stability through inertia and by maintaining their "status quo", rather than encouraging participatory governance with citizen and civil society active involvement. To a large extent, this factor accounted for the lag in the development of the political system that did not measure up to progress made in sectoral reforms. This aspect—combined with times of high oil prices that objectively discouraged the government to continue with the reforms—led to episodic rollbacks in the achievements of reforms in certain areas, including governance.

Overall, despite the costs, contradictions, and problems which have had long-term consequences, Kazakhstan's sectoral reform progress is highly praised by many international organisations and experts. Fairly high prices for mineral resources, along with tolerance and high esteem for the value of independence created the basis for maintaining socio-political solidity creating a certain margin of stability. An additional factor in ensuring stability and security was attracting foreign investment in the mineral resources sector, which, on the one hand, ensured economic growth, and on the other, served as an important area of economic and political cooperation with developed countries.

The above is reflected in many international assessments and rankings of socio-economic development, where Kazakhstan generally holds a leading position in the region. For example, the poverty rate was reduced to 2.5 per cent, while the GDP per capita reached USD 9,789, in 2020.[14] Also, the human development index indicator for Kazakhstan was 0.817 in 2018, placing the country on the 50th position out of 189 countries (UNDP 2019) (Fig. 7.1).

[14] World Population Review. Poverty rate by country 2020; https://worldpopulationreview.com/country-rankings/poverty-rate-by-country.

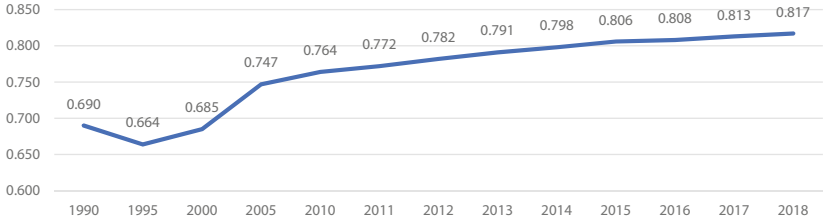


Fig. 7.1 Human Development Index for Kazakhstan (1990–2018) (*Source* http://hdr.undp.org/en/content/human-development-index-hdi)

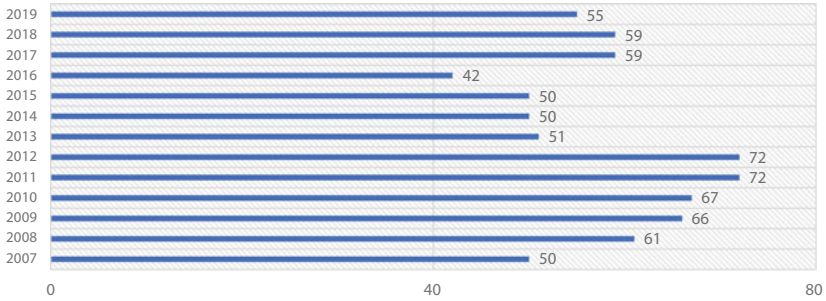


Fig. 7.2 Global Competitiveness Index rankings for Kazakhstan (2007–2019) (*Source* https://tradingeconomics.com/kazakhstan/competitiveness-index)

Similarly, Kazakhstan consistently ranks among the 60 most competitive countries in the Global Competitiveness Index rankings, over the past seven years (WEF 2019) (Fig. 7.2).

Kazakhstan has also demonstrated even greater progress in the Doing Business Index, being one of the top 30 countries in the world (Fig. 7.3).[15]

In recent years, Kazakhstan has also made significant progress in public service delivery including through the widespread application of the "one-stop-shop" principle (Janenova 2016; Knox and Janenova 2019a; b). According to the UN E-Government Survey report (UNDESA

[15] World Bank Ease-of-Doing-Business in Kazakhstan; https://www.doingbusiness.org/en/data/exploreeconomies/kazakhstan.



2015	2016	2017	2018	2019
51	35	36	28	25

Fig. 7.3 Ease of Doing Business Index vales and ranking for Kazakhstan (2015–2019) (*Source* https://www.doingbusiness.org/en/data/exploreeconomies/kazakhstan)

2020), the country ranks 29th in the world on e-government development. Moreover, international experts note the progress made in moving forward with utilising budget planning systems, developing labour market regulations, and implementing other sectoral reforms (OECD 2017a; b).

Conversely, international institutions and experts recognise the country's significant success in reforming its civil service; leading in the region.[16] In 2014, the report on the results of the third round of monitoring of the Istanbul Anti-Corruption Action Plan highlights that civil service reform in Kazakhstan was not only carried out at the legislative level, but it was also implemented in practice (OECD 2014). Furthermore, the civil service system of the country was recognised as progressive and professional, in the Benchmarking Civil Service Reform in Kazakhstan study (OECD 2018).

On the other hand, these achievements contradict the fact that Kazakhstan stands in the low hundreds (113th position in 2019) on the Corruption Perception Index, despite the institutional and legislative measures Kazakhstan has taken, i.e. ratification of international conventions, and the creation and active operation of the Anti-Corruption Agency (Fig. 7.4).[17]

The seriousness of corruption-related issues is also evidenced by the country's scores on the fight against corruption, a component indicator

[16] https://www.inform.kz/en/newland-contributes-to-shape-of-civil-service-in-Kazakhstan_a2672984.

[17] According to the latest Corruption Perception Index (2020) Kazakhstan has made significant progress, ranking 94th in 2020; a position largely attributed to the active work of the Anti-Corruption Agency of the Republic of Kazakhstan.

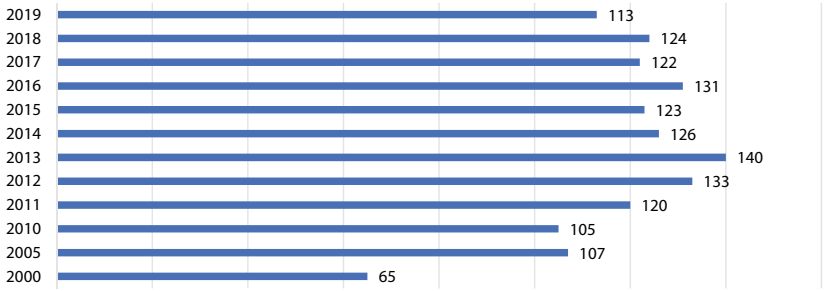


Fig. 7.4 Corruption Perception Index ranking for Kazakhstan (2000–2019) (https://www.transparency.org/en/cpi/2019/results/kaz)

of the World Bank's Governance Index, according to which the country scores are in the negative zone for the last ten years, ranking 107th (index value −0.3 in 2019) (Fig. 7.5).

Significant problems are also observed in ensuring the rule of law, a condition critical for the shift towards a market economy and a democratic society. Kazakhstan scores are again in the negative zone for the rule of law component indicator of the Governance Index (ranking 121st in 2019) (Fig. 7.6).

In the light of the above, the country occupying the 117th position out of 178 in the Fragile States Index looks logical (Fig. 7.7).

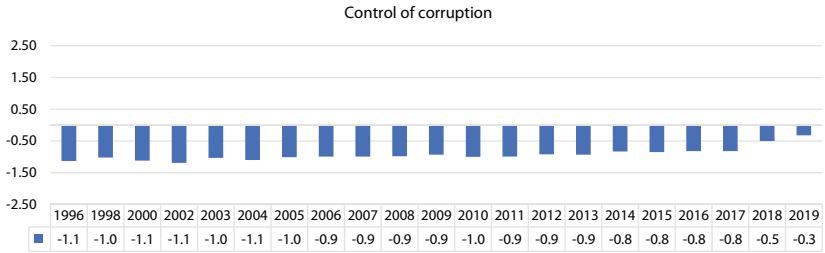


Fig. 7.5 Governance Index—control of corruption indicator in Kazakhstan (1996–2019) (*Source* https://www.theglobaleconomy.com/Kazakhstan/wb_corruption/)

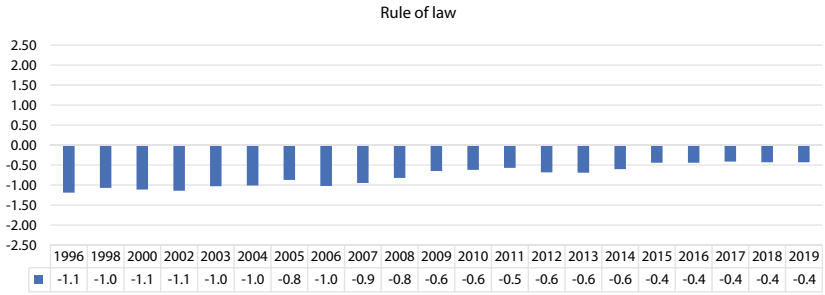


Fig. 7.6 Governance Index—rule of law indicator in Kazakhstan (1996–2019) (*Source* https://www.theglobaleconomy.com/Kazakhstan/wb_ruleoflaw/)

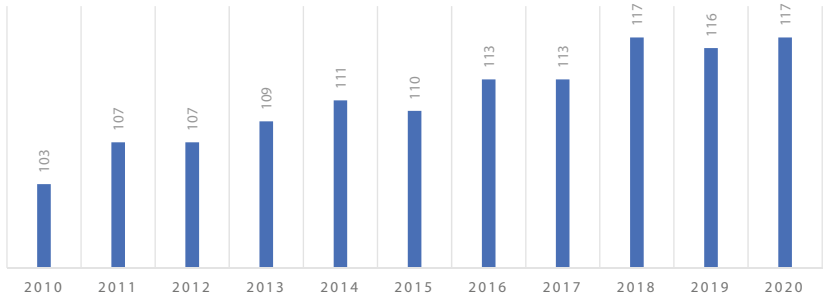


Fig. 7.7 Fragile States Index for Kazakhstan (2010–2020) (*Source* https://fragilestatesindex.org/country-data/)

It is also noteworthy that public opinion of Kazakhstanis perceives corruption as one of the most important issues in the country's development, and the judiciary as one of the most corrupt institutions, while it is expected to play a key role in ensuring the rule of law (Transparency International 2019). Special studies on corruption indicate the significant threat of this phenomenon to stability and sustainable development.[18] Furthermore, high levels of corruption deepen social stratification, which

[18] Сатпаев Д. Коррупция в Казахстане и качество государственного управления [Satpayev D. Corruption in Kazakhstan and the Quality of Public Administration]; https://www.ide.go.jp/library/Japanese/Publish/Download/Report/2012/pdf/C24_ch3.pdf.

results in periodic surges of social tension, jeopardising social and political stability. It is also perceived as a threat to the preservation of independence by some public figures.

This contrast between high rankings in some and low performance on other key development indicators allows us to conclude that it is logical for Kazakhstan to be in between on such indicators, as government effectiveness (Fig. 7.8) and regulatory control indicators (Fig. 7.9).

Apparently, the quality of governance and regulation is influenced by both groups of factors. On the one hand, achievements in sectoral reforms improve the quality of governance; on the other hand, corruption and issues associated with ensuring the rule of law worsen it. In this sense, it

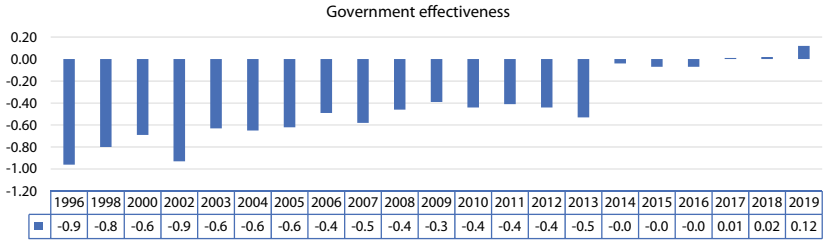


Fig. 7.8 Governance Index—government effectiveness indicator in Kazakhstan (1996–2019) (*Source* https://www.theglobaleconomy.com/Kazakhstan/wb_government_effectiveness/)

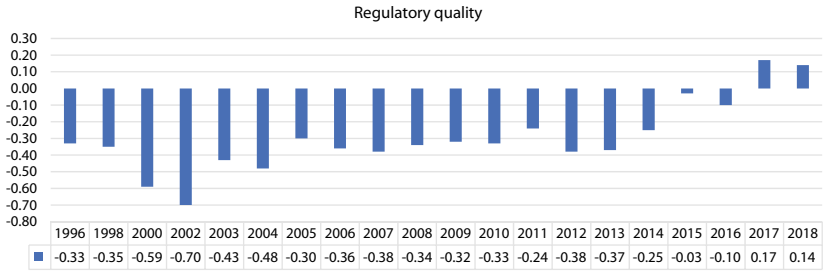
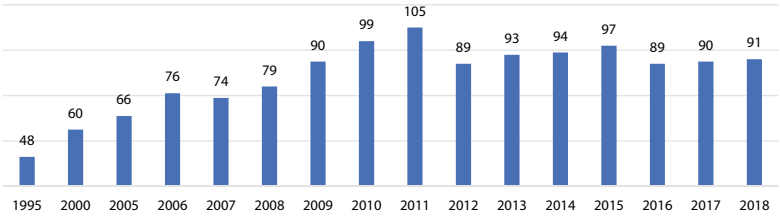


Fig. 7.9 Governance Index—regulatory quality indicator in Kazakhstan (1996–2019) (*Source* https://www.theglobaleconomy.com/Kazakhstan/wb_regulatory_quality/)

is no surprise that the country achieves average values in the quality of governance and regulation indices.

Even though for many years Kazakhstan has been declaring the need to diversify its economy and reduce its dependence on the extractive industry, the various factors mentioned earlier hinder the achievement of tangible results that fall short of intentions. This arguably explains the low position of Kazakhstan in the Economic Complexity Index, which considers not only GDP, but equally the structural development of an economy. During the past 20 years Kazakhstan's economy has become relatively less complex, moving from the 56th (2000) to the 69th (2018) position on the ECI ranking (Fig. 7.10).

Another aspect related to economic development, which hinders the development of private entrepreneurship and the fight against corruption, is the state's dominance in the economy. When the Ease of Doing Business Index is considered, it is primarily about the country's economy. In this regard, several features inherent in Kazakhstan should be noted. First, large mineral industry enterprises constitute the main part of economic activity in the country. Second, the quasi-public sector entities dominate the economy. As a result, the impact of progress registered in the Ease of Doing Business Index about the structure of the economy, its degree of diversification, and the country's overall economic development is irrelevant. The above lead to undercapitalisation of the country's potential, with its rich natural and human resources, disrupting its inclusive development prospects and limiting investment in human resource development, including in education, science, and healthcare.



1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
48	56	80	77	77	80	76	80	82	65	66	62	63	66	69	69

Fig. 7.10 Economic Complexity Index values and ranking for Kazakhstan (1995–2018) (*Source* https://oec.world/en/profile/country/kaz)

Overall, the non-linear nature of certain reforms often led to inconsistency of changes, and sometimes to deviation from declared goals. For instance, in the mid-1990s, official policy stated that entrepreneurial activity and civic engagement would be the backbone of the country, however, reforms have been slowed down in both directions. In fact, the dominant position of the state—combined with the dominant role of the mineral industry—became a constraining factor in the development of both entrepreneurship and civil society.

On the whole, comparison of expectations with actual results achieved leads us to paradoxical conclusions. On the one hand, many reforms that Kazakhstan embarked upon since the mid-90s were adequately implemented. They allowed for the country to achieve very impressive results in the development of particular sectoral areas, e.g. civil service, e-government; also excelling in some and thus placing Kazakhstan in the leading top thirty countries in the world. On the other hand, despite the successes in administrative reform, no increase in the level of overall efficiency and transparency, or a decrease in the level of corruption are observed.

In explaining the nature of the current situation in the governance system, the hypothetical model of dynamic concentric spheres, comprising political, administrative, and operational-technological spheres, is proposed (Baimenov 2020b). Each outer sphere of the model is the environment in which the immediately inner sphere functions. Hence, the rules, traditions, and values (culture) of an outer environment delimits the possibilities for the inner sphere to reach its full potential.

The external sphere in this model is the political system that encompasses the institutional foundations of the whole governance system, as well as the mechanisms for interaction with civil society and the economic system. Inside the political system resides the administrative system—the institutional basis of the executive branch, designed to effectively manage resources and exercise powers. In turn, inside the administrative system resides the operations-technological system that covers the regulatory framework for the functioning of sectors and the levels of executive power. It also includes the rules, processes, and procedures for the functioning of the entire machinery of government and its interaction with recipients of public services. Finally, the core sphere of the model is a separate state body, encircled by an environment consisting of all other external spheres, thus delineating the limitations and opportunities (Fig. 7.11).

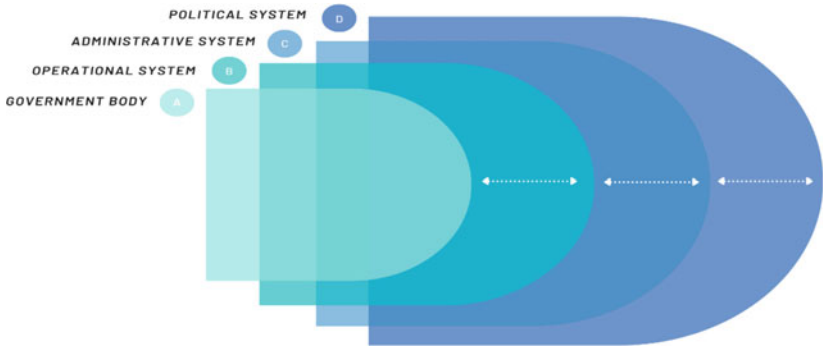


Fig. 7.11 Model of dynamic concentric spheres of governance

It is further assumed that each internal sphere can change positions (within the borders of every outer sphere) under the influence of various factors (culture, leadership, geopolitics, socio-economic context, etc), the consideration of which is beyond the scope of this chapter.

The political system creates the basic rules, and it provides the connections between society, the branches of government, and the economy. It also creates the conditions for the realisation of the potential of the country and its citizens, as well as for the consideration of the economic and social interests of citizens in the functioning of the branches and levels of government. In terms of management, the political system provides the elasticity of the entire governance system. In this context, elasticity is the ability to feel and respond to the needs of citizens. The political system thus determines institutional elasticity and perceptiveness.

In this regard, it should be noted that one of the challenges of the functioning of modern machinery of government is the conflict between the long-term interests of the state, which are to be protected by professional civil servants, and the short-term interests that are attractive to politicians in terms of their next election campaigns. At the same time, those representatives of the political system, who are elected and occupy senior positions, the functioning of the government machinery; which by definition, must follow the political direction set by senior level politicians in policy implementation.

Inside this large "nesting doll" another sphere exists, which can be called the administrative system designed to ensure the correct distribution and effective use of powers, responsibilities, and resources determined by the political system—both vertically between the levels of government and horizontally between state bodies of the same level. In other words, the administrative system is designed to provide institutional flexibility, efficiency, and high manageability based on the balance of powers, responsibilities, and resources. Hence, the administrative system creates institutional transparency, accountability, and responsibility of government agencies. Consequently, if there is a clearer system of powers delineated among the various government levels, then citizens are better informed about who is responsible, and hence, they can demand higher quality of service provision from the appropriate authority. Thus, one of the prerequisite principles of effectiveness of the administrative system is the clear delineation and balance of powers, responsibilities, and resources between the levels of this system (Baimenov 2020a) (Fig. 7.12).

Within the administrative system, there are, relatively speaking, operations-technological systems (functional, sectoral, or territorial), which include the civil service (a system for the selection, recruitment, and promotion of personnel), the budget system (designed to effectively plan and use financial resources), the procurement system (designed to purchase the best goods and services for the state at the lowest

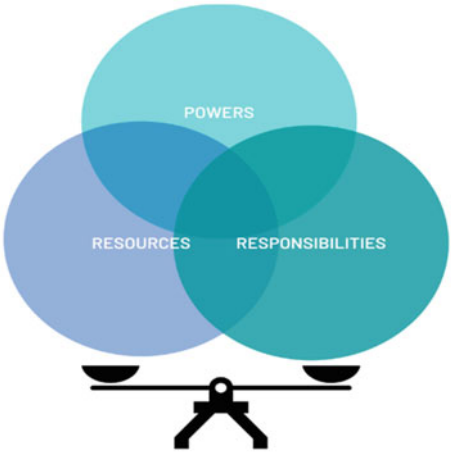


Fig. 7.12 Checks and balances

price), and the information systems and a number of other segments.[19] The operations-technological system, being the instrumentation of governance, ensures the effective functioning of state institutions within the limits of their powers and resources set by legislation. This is what is called the "machinery of government". Finally, the fourth "nesting doll" is a state body, for which the entire political, administrative, and operations-technological (including the civil service) systems are its external environment.

In this model, every outer sphere is the environment within which the inner one exists and operates. The rules, traditions, and values (culture) of this environment create the capacity to unleash the potential of the inner spheres. Thus, the political system creates a certain framework of opportunities and limitations of efficiency for the administrative system. Similarly, both of these systems set the scope and constraints for the operations-technological system. Consequently, no matter to what extent operations-technological systems are improved, the capabilities of this little "nesting doll" are limited by the framework imposed by higher systems—the administrative and political.

Applying the hypothetical model of dynamic concentric spheres, when analysing the country's development, we see that the highest rankings in international indices are associated with the operations-technological sphere, the lowest ratings are associated with the external political sphere, and in between, the average indicator values are associated with the administrative sphere, which is affected by both spheres.

Conversely—within the limits and corridors of opportunities provided by the administrative system—the operations-technological subsystem can move to the limits of its capabilities within the framework of these restrictions. In turn, the administrative system will increase its efficiency to the limits of its potential as they are delineated by the political system. And accordingly, together with that, this entails an automatic increase in the performance and efficiency of the operations-technological sphere. Consequently, enhancing the political system towards high elasticity, allowing greater institutional transparency and accountability creates opportunities, for improving the quality of the whole governance.

[19] An operational-technological system refers to the discipline of operations research, which deals with the application of mathematical, quantitative methods to make informed decisions in all areas of purposeful human activity.

7.4 Evolutionary Development of Public Service in Kazakhstan

This section presents an analysis of the evolutionary development of the public service in Kazakhstan, which is conditionally divided into five periods delineated by the conceptual changes introduced in the institutional and organisational framework of the civil service.[20]

7.4.1 1991–1995: Adaptation to New Realities

With gaining independence, the process of forming the institutional and legislative foundations of the new state began in the country, under favourable conditions, as high expectations from independence and the tolerance characterising the Kazakh society supported reforms, as noted above. At the same time, the government was experiencing a shortage of personnel familiar with the processes and mechanisms for transitioning to a democratic governance and free-market regime, despite the clarity of the stated goals, i.e. the creation of a democratic state with a market economy. Consequently, in the early years, change was limited to the adaptation of state institutions and of the civil service inherited from the Soviet period to new realities. Transformation of the civil service was limited to renaming the former executive bodies and establishing several new structures related to the functions of an independent state; whereas there were no changes made in the spatial administrative structure of the country. Therefore, considering the significant shortcomings of the Soviet nomenklatura approach—which literally monopolised state power (Voslensky 1990)—there was indeed a well-founded need to create a new civil service system adequate for the requirements of the time.[21]

The first Constitution of independent Kazakhstan, adopted in 1993, outlined the basic principles of the functioning of the public service and declared, for the first time, that its citizens had equal rights for admission

[20] A summary table of the stages of the public service reforms with a detailed description of reform issues and measures taken in solving them may be found in the appendix of this chapter.

[21] LiveJournal (2011). *Воспоминания Михаила Смиртюкова, управделами Совмина СССР [Memoirs of Mikhail Smirtyukov, Head of the USSR Council of Ministers]*. Власть. [Vlast]; https://oleganisimov.livejournal.com/586917.html.

to the civil service, in contrast with the Soviet system, where personnel-related issues were exclusively handled by the Communist Party. Under the new conditions, the executive bodies were to deal with staffing issues themselves. In this regard, a new generation of civic activists, nascent entrepreneurs, and academics were recruited to fill positions in the civil service; individuals, who in the previous system would not have had access to public service due to their lack of loyalty to the Communist Party.

Furthermore, at the time in question serious changes in the bodies of representative power also took place. The elections that took place at all levels of government, in the period from 1989 to 1994 allowed for the identification of a new generation of regional and republican political leaders. During this period, representative bodies such as the Supreme Council and Councils of regions, districts, cities, and villages, retained their extensive role in the political system by exercising control over the executive branch and playing an important role in the establishment of the judicial branch of government. Subsequently, some of these new political leaders moved to work in the executive branch of government, and thus strengthen the transformation of the corporate culture of the civil service and change the nature of the relationship between government and citizens.

The period ends with the adoption of a new Constitution in 1995, which radically changed the conditions for the balance between the branches of state power and strengthened the unitary nature of the state; and as a result, it transformed the institutional and operational settings for the functioning of the state machinery.[22]

7.4.2 1995–1999: Development of a Conceptual and Legal Framework for the Professionalisation of the Civil Service

The new Constitution introduced dramatic changes to the political and administrative systems of the country. Provisions of this Constitution significantly reduced the representation and oversight functions of all legislative bodies from Parliament to the district level councils. Moreover, the Parliament was deprived of its investigation and inquiry functions as

[22] Constitution of the Republic of Kazakhstan. 1995; http://adilet.zan.kz/eng/docs/K950001000.

well. If previously the local executive bodies were accountable to both higher authorities and local representative bodies, the new Constitution consolidated a rigid vertical line of authority establishing a top-down system of government.[23] Along with other factors, this was explained by the need to accelerate socio-economic reforms at the initiative of the President.

During the period the country had no Parliament—from March 1995 to early 1996—120 presidential decrees with the force of law were adopted, which delineated the legal basis for the transition to a market economy. At the same time, the administrative territorial structure and the foundations of the administrative system remained unchanged, in general, except for the legislative consolidation of rigidly vertical executive and judicial branches of power.

In 1995, the Decree of the President of the Republic of Kazakhstan "On Civil Service" was issued. Having the force of a law, it regulated the issues of admission to, passage through and termination from, the civil service, as well as to set the classification of civil servants, their legal status, and introduce social protection measures. Issues of remuneration, assignment of qualification classes, calculation of years in service, attestation, and disciplinary mechanisms were also regulated. Such initiatives laid the legal basis for the civil service, regarded as a distinct type of public function in serving the nation. Nevertheless, this system retained many vestiges of the past inherited from the Soviet era, including an ambiguous provision for calculating the length of service, and the appearance of qualification classes. Conversely, competitive selection of civil service personnel was optional, and hence, absent. Personnel policy continued to be based on acquaintance and patronage unless the managers themselves were committed to reform and fundamental changes.

A significant drawback was that the Decree did not provide for the protection of civil servants from unjustified dismissals, including those cases where heads of state bodies were changed.[24] Consequently, with the change of akims or heads of ministries and departments, most of the

[23] A centralised vertical executive power structure was needed in order to eliminate separatist threats Kazakhstan faced during the early years of independence.

[24] The depth of "political" appointments reached down to the position of Head of Department in the administrative system. For instance, as enshrined in the legislation—in the event ministers, state committees chairpersons, heads of other central executive bodies and institutions, and akims resigned; their deputies, heads of departments, agencies, and

employees of these state bodies changed with no particular justification. Sometimes, staff turnover reached 60 per cent within a period of 2 to 3 months. This phenomenon resulted to situations where officials were not interested in defending the interests of the state, but rather seeking to please their bosses (Baimenov 2000: 71).

Staff turnover led not only to de-motivation and de-professionalisation of civil servants, but also to the strengthening of patronage relations within the civil service, encouraged by senior leaders at both the central and local levels, where personal loyalty to the boss was valued more than professional knowledge and experience. In this context, the technical skills and qualifications of public servants were less important for career advancement than political and ideological considerations, both in Kazakhstan and in most of the post-communist countries. Overall, three main factors—unfair pay systems, opaque selection procedures, and a culture of patronage—have had a detrimental effect on the quality of public service and consequently to the well-being of the population. The quality of public services deteriorated and suffered from excessive bureaucracy, corruption, and indifference to citizens' needs.

This period was also characterised by a combination of other, multi-directional, factors. At one end, a significant proportion of civil servants retained a high level of patriotism, as well as romantism associated with gaining independence, which in turn served as a driving force and the basis for their motivation. At the other end, the influence of the winners of privatisation began to gain strength, while their interconnection and interpenetration increased. Consequently, the impact of the champions of privatisation on government decisions and socio-political processes was amplified. This, in turn, contributed to a sharp growth in the levels of corruption and the gradual replacement of the concept of "serving the people" with the principles of "serving the leaders and personal welfare".

In these circumstances, the importance of professionalising the state machinery became more apparent. In this regard, the Government Strategy "Kazakhstan-2030" (1997) included the professionalisation of the civil service as one among seven key priorities.[25] The new challenge was to "*create a compact and flexible civil service capable and*

committees, heads of offices and independent departments, assistants, and advisers to the heads of these state bodies also resigned.

[25] https://www.akorda.kz/en/official_documents/strategies_and_programs.

dedicated with individuals possessing excellent skills for strategic planning". In September 1998, the Agency for Civil Service Affairs was established—and its territorial departments were created in the regions in 2000—effectively concentrating the necessary resources within one organisation, in initiating the gradual professionalisation of the civil service.[26]

In 1999, the "Law on Civil Service" was adopted, which served as the solid basis for the development of a new civil service model in Kazakhstan. The revolutionary feature of the civil service legislation consisted, firstly, in a distinction between political and administrative civil servants. This measure effectively reduced the impact of political civil servants on administrative ones and personnel turnover was significantly reduced. Secondly, for the first time in the CIS, mandatory competitive selection processes were introduced for all positions of the administrative civil service.[27] Third, legislative protection of civil servants was instituted against unjustified dismissals when the leadership of government agencies were changed. Fourth, the tasks and functions of the authorised body for civil service affairs were legally fixed.

It is noteworthy that a position-based model was deliberately chosen for the Kazakhstani civil service system.[28] The reformers proceeded from the fact that for countries in transition, first, it was important to attract specialists from various fields to the civil service, including those who had not previously worked in government organisations. Importantly, these changes occurred during the relocation of the capital from Almaty to Akmola in December 1997.[29] The redeployment of the central government bodies to the new capital played an important role in the renewal of the civil service personnel.

[26] The Agency was directly subordinate and accountable to the President, which subsequently played a significant role in further supporting and promoting civil service reforms.

[27] The selection and recruitment process system designed in 1999 and introduced the following year remains in place to the present with minor modifications.

[28] Although later it was modified to a "hybrid" model combining elements of both career- and position-based systems.

[29] The new capital was re-named as Astana (meaning "capital" in Kazakh) and more recently as Nur-Sultan (named after the first President of the country Nursultan Nazarbayev).

Overall, the Law was of decisive importance in the formation of the Kazakhstani model of civil service. This Law created the legal and institutional basis for a new civil service model, and it is still in force with minor modifications. According to international experts, the presence of political will, modern legislation, and a team of reformers working at the Agency for Civil Service Affairs were the key factors in the country's success in reforming civil service (Baimenov 2000: 3). Furthermore, it should be noted that this law with its revolutionary nature had a noticeable impact on the entire post-Soviet space, as it was used as the basis for the development of similar laws in a number of CIS countries (Baimenov and Liebert 2018; Baimenov and Janenova 2019).

In the same period the Anti-Corruption Law was adopted (1998), which, however, did not have a significant impact on reducing the level of corruption in the country.[30] This is demonstrated by the Transparency International Corruption Perception Index (CPI) scores for the country that have not improved over time; in fact, they have gotten worse in the past few years (Fig. 7.4).

7.4.3 2000–2006: Start of the Implementation of a New Civil Service Model

With the entry into force of the Law "On Civil Service" in 2000, for the first time in the history of Kazakhstan state bodies began to conduct competitions for vacant positions by publishing announcements on vacancies in official media and on the websites of government agencies.[31] Applicants began to undergo testing for knowledge of legislation and an interview to qualify for admission to the civil service.[32]

At the same time, a new remuneration system distinct from the old one was introduced for all levels of government. The basic salary was underestimated in the previous system, and hence, additional compensation for class, and allowances and bonuses could often constitute 70 per

[30] Law of the Republic of Kazakhstan № 267 (1998) on "Anti-Corruption"; http://adilet.zan.kz/eng/docs/Z980000267_.

[31] Announcements contain information about the qualification requirements for the position, job responsibilities, and the level of salary.

[32] This process consists of four stages: [i] initial selection of documents; [ii] testing for knowledge of legislation, to determine competencies and the level of knowledge of the Kazakh language; [iii] interview; and [iv] notifying the candidate on the selection results.

cent of the total wage package. In accordance with the legislation in force at that time, the President of the country approved a system of remuneration for employees of all government bodies. In this sense, the new model of remuneration was uniform for all civil servants, irrespective of the budget sources their compensation was paid from, i.e. state, regional, or local budget. The procedure for calculating wages was distinguished by its simplicity. The salary for each position was determined by multiplying the corresponding coefficients depending on the length of service and the category of the position by the size of the basic salary established by the Government of the Republic of Kazakhstan. Thus, the new model provided for the possibility of indexing the wages of civil servants through an increase in the basic salary depending on the state of the economy and budget (Baimenov 2000: 100).

The developers of this new compensation system assumed that the next stage would entail the introduction of a similar system for all public sector employees.[33] Thus, the government would be obliged to increase the salaries of teachers, doctors, and other public sector employees, if it wanted to raise the wages for civil servants in state agencies. This could be done through a universal increase in their basic salary, while considering budgetary conditions associated with the state of the economy.

However, a special decision-making system later led to a certain distortion of the original ideas. First, the coefficients for selected senior government positions were increased, creating a significant wage gap between the upper and lower categories of government positions. Secondly, an additional coefficient was introduced for civil servants, which separated the remuneration system of civil servants from that of public sector employees.

Training of civil servants was also made systematic during this period. Up to that time, most personnel in government bodies had never been trained after completing their higher professional education, and approximately 50 per cent of civil servants serving in central government bodies had not undergone any professional development training programmes (Baimenov 2000: 117). In sum, the necessary institutional and regulatory framework was developed, the rules for retraining and advanced training

[33] The fields of education, health care, culture, etc. In accordance with the Labour Code (2007), public sector employees paid from the budget were classified as public servants.

of civil servants were adopted, and the Academy of Public Administration and its regional training centres were established during this period.[34]

The Law of 2000 also included several anti-corruption provisions such as requiring civil servants to submit declarations of income and property to the tax authorities annually, or for businessmen joining the civil service to entrust their business interests to a third party. Moreover, the Code of Conduct for Civil Servants was adopted to raise the moral and ethical image and business qualities of civil servants.

In general, this stage of civil service development is characterised by the manifestation of two important and positive phenomena that occurred in society—and which had a long-term effect—as a result of the implementation of the new legislation on civil service. The first was that the open competitive selection process introduced by the new civil service legislation opened the civil service to thousands of individuals who entered the service without prior acquaintances and patronage connections. This is how the foundations of the principle of meritocracy were laid, and that is also the first time that the term meritocracy entered the political lexicon. The second was that tens of thousands of candidates began to study legislation, which indirectly contributed to the transition of the Kazakh society from legal nihilism to a system underlined by the rule of law. Many of the applicants read the country's Constitution for the first time. Since then, more than one million applicants, who passed the test on knowledge of the legislation, have become familiar with the basics of constitutional order.

In the process of implementing the civil service legislation, the Agency for Civil Service Affairs faced strong opposition from political appointees. Radical changes to selection and hiring procedures jeopardised the status quo which had allowed senior leaders and political appointees to freely influence appointments and promotions. In this regard, they primarily exerted pressure on the competition commissions. Although in the early years the Agency for Civil Service Affairs tightly controlled the independence of the competition commissions, the influence of heads of government agencies on their activities increased as time went by. Eventually, as a result of pressure exerted by ministers and akims—opponents of competitive selection—a transitionary system was introduced at this stage that allowed for appointments of civil servants to other positions within

[34] Academy of Public Administration under the President of Kazakhstan; https://www.apa.kz/en/.

the civil service without going through a competitive process, an arrangement that ultimately weakened the meritocratic dimension of the newly introduced competitive selection system.

In addition, the issue of protecting civil servants from unjustified dismissals became pressing, since often when heads of government organisations were changed, they compelled civil servants to write letters of resignation "voluntarily". However, the efforts made to protect the interests of civil servants by the authorised body for civil service affairs and its territorial divisions became a cause for conflicts with colleagues in the central and regional governments who favoured their proteges; as not all heads of these units were prepared to spoil their relations with their colleagues.

7.4.4 2007–2011: Shifting the Focus to Public Service Delivery

The year 2007 is marked by the Presidential Decree "On Measures for Public Administration System Modernisation", which shifted the focus from civil service development towards the improvement in the quality of public service delivery. During this period, the public service centres—based on the "single window" principle, or the "One Stop Shop" (OSS) model—were established across all regions of the country offering integrated public services in convenient "business-style" open spaces. Moreover, the e-government system was designed and later integrated with the public service centres as a comprehensive technological platform for electronically driven public service provision. However, as in the case of the new Law On Civil Service, both the public service centres and the e-government system were faced with strong resistance by traditional bureaucrats, who were used to gaining an uncontrolled inflow of informal payments in exchange for delivering public services to citizens.

Nevertheless, as time passed, it became evident that the introduction of the "single window" model into public service delivery has had a tremendous effect on the entire government apparatus, as well as on the Kazakhstani society. Nobody, in 2005, could have imagined that public service centres in just one decade, will not only occupy a niche in the traditional system of state administration, but also be able to influence the culture of the state machinery in Kazakhstan; by bringing innovation in the provision of public services, and by teaching employees of the state machinery new values, such as "client orientation" as opposed to "serving their own interests" (Janenova 2016: 28).

Another important novelty of this period was the introduction of the Executive Secretary position. This institution aimed at ensuring the stability and continuity of the state machinery.[35] This measure also contributed to delineating the powers of political and administrative civil servants. In other words, ministers were supposed to deal with political and strategic issues, while executive secretaries with the day-to-day operational activities, public procurement, personnel management and development, etc.

At the same time, the first attempts were made to establish appraisal systems measuring civil servants' performance. The evaluation methods, however, were cumbersome and laborious, which led to an increase in the workload of civil servants, and of the human resource departments in particular. In addition, the results of the performance appraisal did not reflect the real contribution of civil servants to the achievement of the goals of a government body. Moreover, the assessment was not linked to a system of motivation and incentives for civil servants. In this regard, the civil servants' performance evaluation system has been repeatedly revised, and various approaches, criteria, and evaluation indicators have been introduced.[36] In fact, the issues of improving the assessment system for civil servants are still on the agenda.

Furthermore, in 2010, an assessment system was introduced for measuring the performance of government bodies, using pre-identified criteria to evaluate their effectiveness. This system proved to be highly challenging, as it comprised an extensive number of criteria, and it contained confusing formulas increasing the complexity of the assessment process and adding a considerable workload for their staff. Over time, as

[35] Despite a significant decrease in staff turnover—following the adoption of the new civil service legislation—the tendency in which a change in the political leadership of government bodies (ministers and vice-ministers and akims and their deputies)— was often followed by a corresponding change in their senior management positions persisted.

[36] Decree of the President of the Republic of Kazakhstan № 327 (21.01.2000) "On approval of the Rules for the annual performance assessment and attestation of administrative civil servants" (with amendments and additions as of 22.03.2013); Decree of the Government of the Republic of Kazakhstan № 1367 (29.12.2007) "On approval of the Rules for assessing the quality of work of administrative civil servants" (abolished by the Decree of the Government of the Republic of Kazakhstan № 659 [07.05.2009]); Order of the Chairman of the Agency of the Republic of Kazakhstan for Civil Service Affairs and Anti-Corruption № 13 (16.01.2018) "On some issues of performance assessment of administrative civil servants", registered with the Ministry of Justice of the Republic of Kazakhstan (№ 16299, 01.02.2018).

a result of continuous improvement, the assessment system has undergone significant changes, becoming simpler and easier to use, and most importantly, allowing for a more objective picture.

Implementation of reforms during this period revealed such gaps as inefficiency of the personnel reserve institution, insufficient objectivity, and transparency of the competitive selection and formal attestation processes, and weakness of the HR departments, among other. When filling vacant positions, most government bodies preferred to use the internal movement scheme and the personnel reserve rather than announcing an open competitive selection. One of the reasons for this was the length of the competitive selection procedures. On the other hand, appointments from the personnel reserve or by transfer made it possible to appoint "own" people to vacant positions. Ultimately, this prevented the entry of new "blood" into the public service; thus, causing the deterioration in citizens' trust for the competitive selection procedures.

With the purpose of implementing an effective personnel policy in the civil service and ensuring the high quality of the public service delivery process and the effectiveness of government bodies, the "Concept for a New Model of Civil Service of Kazakhstan" was adopted in 2011.[37]

7.4.5 2012–to Date: Next Wave of Civil Service Professionalisation

The concept of 2011 served as an impetus for serious reforms, which led, in 2012, to a set of fundamental changes made in the Law on Civil Service and implemented starting from the next year. A key reform initiative at this stage was the creation of the Corps "A" at the top of the administrative civil service structure, analogous to the senior executive service operating in many countries of the world (ACSH 2016). Initially, Corps "A" consisted of 519 positions, including such key positions as those of the executive secretary, chief of staff, district akim, and ministry committee chairperson, considered the highest level Corps "A" positions.

A distinctive feature of the Corps "A" institution was the special procedures deployed for their selection. The legislation provided that applicants should be enlisted in the Corps "A" personnel reserve on a competitive

[37] Decree of the President of the Republic of Kazakhstan № 119 (2011). *On the Concept of a New Model of Civil Service of the Republic of Kazakhstan*; https://online.zakon.kz/Document/?doc_id=31034467.

basis, in congruence with the principle of meritocracy. Then, appointments were to be made exclusively from the personnel reserve. Selection for admission to the personnel reserve was carried out in two stages. First, applicants were tested, and second, they held an interview with the National Commission on Personnel Policy. Enlistment in the personnel reserve was the decision of the Commission. Another distinctive feature was the adoption of a contractual approach for the appointment of Corps "A" personnel. Corps "A" civil servants were awarded a four-year contract that included targets for their performance while serving in a given position, and ministers or akims had to indicate which norms and targets of the contract were not met, in cases where they contemplated whether to terminate Corps "A" contracts or not.

The creation of Corps "A" had a positive impact on the development of the civil service in general. Firstly, due to the changeover of certain political civil service positions to administrative ones, the number of political appointees decreased eight times, from 3,272 to 439 positions (OECD 2014). Secondly, the open competitive selection process for inclusion in the personnel reserve pool provided the opportunity to many capable individuals to enter the Corps "A" personnel reserve, and eventually prove themselves by occupying managerial positions in the civil service. Something that may not have happened previously, given the political nature of such appointments, so that many of such capable individuals may have not caught the eye of the government leaders, e.g. Akims or Ministers. Thirdly, as district akims were not elected, an open competition, being the only mechanism for ensuring a meritocratic selection, allowed for avoiding criticism from the public and international partners (OECD 2018).[38]

In retrospect, it seems that the introduction of competitive selection procedures—in the early 2000s—led to an influx of individuals, who could not otherwise join the civil service, even at the entry level, due to the lack of personal connections, while the introduction of the Corps "A" senior civil service, in 2011, led to the renewal of district akim positions by more than 30 per cent, as about 50 acting akims could not pass the test in the first year the initiative was introduced. Similarly, a substantial number of committee chairperson positions were renewed. In this context, it should be said that the four-year contracts signed by the Corps

[38] Overall, international experts, including the OECD praised the development of senior civil service in Kazakhstan.

"A" civil servants had a significant impact on the professionalisation and stability of the civil service.

However, some specific nuisances were inherent in the establishment and operation of the Corps "A" institution. One of them was that the composition of the National Commission on Personnel Policy was rather politicised consisting of political appointees and Members of Parliament. Furthermore, measures taken to professionalise and ensure the independence of Corps "A" from political appointees led to increased resistance from opponents of the reforms. Gradually, the latter managed to ease the conditions for admission to Corps "A" through the introduction of transitional appointments without a competition. Eventually, starting in 2015, Corps "A" as a positive new initiative disappeared from public attention. The last step that weakened this institution even more was the abolition of the personnel reserve pool of Corps "A". Nowadays, formal approval by the National Commission on Personnel Policy is sufficient for appointments in Corps "A" positions.

An important achievement of the reform at this stage was a significant reduction in out-of-competition appointments through internal movements between government bodies. This measure was aimed at strengthening the principle of meritocracy and the role of competitive selection. As a result, the number of internal movements decreased 30 times.[39] In addition, opportunities for citizens aspiring to enter the civil service increased. Under the new legislation, citizens could undertake the required testing at a time convenient to them, without having to wait for competition announcements for vacant positions. Once they passed the tests, they were issued with a certificate giving them the right to participate in a competitive selection procedure when announced. Due to the fact that citizens began to sign up for testing and submit documents for passing it through the e-government portal, citizens' access to testing was greatly facilitated. This change resulted to more than doubling the number of test participants.[40] Furthermore, additional

[39] Alikhan Baimenov, interview by A. Larina. 2014. *Никого не копировать, стараться брать лучшее! [Do Not Copy Anyone, Try to Take the Best!]* RANEPA Public Administration; https://pa-journal.igsu.ru/articles/r46/1953/.

[40] In 2011, 1,950 people participated in testing per month on average. By 2013, this number exceeded 4,700 people per month. The time for government agencies completing competitive selection procedures was reduced threefold (based on data from the Agency of the Republic of Kazakhstan for Civil Service Affairs).

measures were also taken to increase the transparency and openness of the competition procedures. In particular, interviews were video- and audio-recorded, and experts and other observers—including media and NGO representatives—were invited to participate in the process.

During this period, special attention was also given to the professionalisation of personnel service units. In this regard, the Civil Service Law elevated their role and involvement in personnel management processes such as selection, promotion, and evaluation of civil servants. They were entrusted with the coordination of adherence to public service and labour-related legislation by government bodies and for ensuring compliance with the competitive selection procedures and for conducting appraisals. Moreover, the legislation prescribed that HR units ought to be directly involved in the development and implementation of HR management policy, including planning, selection, promotion, and professional development of personnel.

Considerable attention was paid to improving the activities of human resource units at the regional level, to which the issue of professionalism of HR specialists presented a serious challenge. For example, in small district departments, personnel management was entrusted to secretarial staff or other civil servants concurrently. Thus, government agencies with small staff were obliged to create competitive, disciplinary, and attestation commissions. To avoid numerous problems, the law provided for the possibility of creating unified human resources competition, disciplinary, and certification commissions in cities, districts, and regions.

Furthermore, during this period, the development of an automated personnel management system—the "e-kyzmet"—was initiated and rolled out, which allowed for retrieval of complete information regarding civil servants' personnel matters-related information online, and thus increase the productivity of HR services. If earlier personnel processes in government organisations were performed using paper records, they were now performed automatically in a single system. In general, the migration of human resources management records from paper to an electronic information system allowed for the reduction of paper workflow and thus increase the efficiency of HRM units.

Another block of reforms aimed at increasing the responsibility of officials and ethical and disciplinary control was also introduced. To strengthen ethical standards in the civil service, a regulatory legal framework was developed introducing a new position that of the "ethics commissioner". This was similar to the ethical officer position that exists

in the civil service of a number of developed countries. Moreover, additional measures pertaining to moral and material incentives were introduced. To increase the motivation of civil servants 23 June was declared the "Day of the Civil Servant" by Presidential Decree.

During these years, to ensure evidence-based reforms, targeted programme funding for research in the field of governance and public service commenced for the first time. This was an important development given the gap in evidence-based research in public administration and civil service, which was a common issue in the region. Subsequently, however, this programme was abolished.

In sum, the implementation of the main provisions of the Concept of the new civil service model allowed for a systemic shift towards the professionalisation of the civil service by improving the human resource management system, strengthening the principle of meritocracy, and by increasing openness and transparency of competitive selection procedures. This systemic shift has been corroborated by the findings of several international organisations such as the OECD (2014; 2018), and others, which since the mid-1990s have been providing technical support and assessments of reforms in the country. Measures to create a Senior Executive Service, to begin the professionalisation of HRM and strengthen the principles of meritocracy undertaken during this period allowed Kazakhstan once again to demonstrate its regional leadership, which was duly noted by UNDP experts emphasising the possibility of disseminating Kazakhstan's experience.

One of the testimonies of Kazakhstan's success in reforming the civil service was the creation of the Astana Civil Service Hub (ACSH) aimed at facilitating the exchange of experience and knowledge in the field of civil service in the region and promoting civil service effectiveness by supporting the efforts of governments of countries of the region and beyond in building institutional and human capacity.[41]

[41] The main activities of the Hub are establishing partnerships, capacity-building, and research in the field of civil service, and the creation of an expert network. In March 2013, the Founding Conference of the Regional Hub of Civil Service was held. It was attended by representatives of 30 countries and international organisations (OECD, World Bank, UNDP, OSCE and USAID). The Declaration on the establishment of the Hub was adopted. The Astana Civil Service Hub actively cooperates with the OECD. A result of joint activities has been the study—"Benchmarking Civil Service Reform in Kazakhstan"—which provides a favourable evaluation of the achievements of Kazakhstan in

Further professionalisation of the civil service took place in response to the first component of the institutional reform strategy "Plan of the Nation - 100 Concrete Steps" introduced in 2015.[42] A distinctive feature of the Plan was the proclamation of Kazakhstan's transition to a career-based civil service by modernising the procedures for entering the civil service. A three-stage system of candidates' selection for relevant positions was established. In addition, in strengthening further the principle of meritocracy, promotion of Corps "B" personnel to higher positions could only take place through competitive selection among civil servants serving in lower positions. Moreover, civil service employment was now provided to specialists from the private sector, for employees of international organisations holding Kazakhstani citizenship, as well as to foreign managers for a specific list of positions.

A special role was assigned to the implementation of a competency-based approach introduced in the selection and promotion of personnel. In this connection, there has been an attempt to develop a Unified Competence Framework accompanied with assessment tests, however, the quality of tests for determining competencies and the reliability of their results are questionable, since they do not seem to reflect the true characteristics of the test takers.

At the same time, in order to switch to a performance-based compensation system, a new approach for remuneration was developed based on a factor-point scale system. Under the proposed compensation system structural divisions of government bodies are divided into three functional blocks: core, facilitating, and auxiliary. The grades, and, accordingly, the remuneration of personnel positions that fall under the core block are higher than the other two. Similarly, personnel positions that are classified under the facilitating blocks are paid higher than those under the auxiliary block. According to this system, such departments as HR, IT, and legal services were initially assigned to the facilitating block, regardless of the level of personnel positions, although international practice testifies to the ever-increasing role and significance of IT and HR services. Obviously, this could have led to a significant weakening of these services and the outflow of the most professional and experienced individuals to other

professionalising the state machinery and human resource management in the civil service vis-à-vis the OECD member states; http://www.astanacivilservicehub.org.

[42] The 100 concrete steps set out by the President Nursultan Nazarbayev to implement the five institutional reforms; http://www.jp-kz.org/data/100%20steps.pdf.

structural divisions, although international practice, on the contrary, testifies to the growing role and importance of IT and HR services. This is an example that testifies to the deep-rooted negative stereotyping regarding personnel services as a secondary function in the civil service and, as a result, underestimating their role. The issue raised numerous questions both among civil servants and among experts, and this significant error was ultimately alleviated.

The new remuneration system came into effect in July 2021, as it was announced by the President in his latest Address to the people of Kazakhstan.[43] Incidentally, back in 2000, it was noted that another direction for further improvement of the Kazakhstani civil service will be the transition to a wage system based on a factor-point scale (Baimenov 2000: 155).

As for the introduction of a bonus system based on the results of performance appraisal of civil servants, it remains unimplemented. On this issue, many experts, including the OECD, call for caution, especially with regard to linking wages with performance assessment of civil servants. In fact, developers of any performance-based compensation systems need to be confident in the objectivity and fairness of the assessment tools made available before their implementation is attempted. In light of this, it is advisable to take an approach based on the recommendations of international experts, in which at least two-thirds of the total remuneration package should be tied to the responsibility of the position along with the length of service, and only one-third to the assessment part (OECD 2018).

At this stage, work towards improving institutions and mechanisms for enhancing the quality of public service delivery continues. It all began with the adoption of the Law "On Public Services" on 15 April 2013, which regulated the concept of public services and the delineation of powers of state bodies in this area, and it defined the mechanisms for the provision of public services, for the first time. Much work is currently done to provide more public services electronically; by 2020, 82 per cent

[43] President of Kazakhstan Kassym-Jomart Tokayev's State of the Nation Address (01.09.2020); https://www.akorda.kz/en/addresses/addresses_of_president/president-of-kazakhstan-kassym-jomart-tokayevs-state-of-the-nation-address-september-1-2020.

of public services had already been automated.[44] Furthermore, in 2016, the "Government for Citizens" state corporation was created—modelled on the "Service Canada" system operating in Canada,[45] and the corresponding "Centrelink"system active in Australia,[46]—that integrated all public service centres into a single system aimed at providing citizens with a single point of access to a wide range of government services and benefits.

Despite all the achievements of this stage in the development of the civil service, reversal of some previously implemented reforms is also observed, which have resulted to the weakening or even the abolition of certain institutions as in the case of executive secretaries. In fact, most of the measures implemented since 2015 under the 100 Concrete Steps Nation Plan were a continuation of the reforms launched in 2012. Over time, it became obvious that despite the changes, the civil service remained within the framework of the previous mixed model, incorporating elements of the career- and position-based models of civil service. This is evidenced by some norms in the legislation on the civil service that allow the selection of candidates from the private sector for higher positions, and not for lower ones, in accordance with a purely career model of civil service.[47]

[44] https://primeminister.kz/ru/news/reviews/avtomatizirovany-82-gosuslug-i-okazano-bolee-54-mln-uslug-v-elektronnom-formate-itogi-cifrovogo-razvitiya-za-2019-god-1155836.

[45] Service Canada; https://www.canada.ca/en/employment-social-development/corporate/portfolio/service-canada.html.

[46] Services Australia; https://www.servicesaustralia.gov.au/individuals/centrelink.

[47] Law of the Republic of Kazakhstan № 484-V (06.042016) "On amendments and additions to some legislative acts of the Republic of Kazakhstan on the provision of public services"; Law of the Republic of Kazakhstan № 33-VI (20.12.2016) "On amendments and additions to some legislative acts of the Republic of Kazakhstan on civil service issues"; Law of the Republic of Kazakhstan № 163-VI (29.06.2018) "On amendments and additions to some legislative acts of the Republic of Kazakhstan on election issues"; Law of the Republic of Kazakhstan № 227-VI (21.02.2019) "On amendments and additions to some legislative acts of the Republic of Kazakhstan on the modernization of the judicial system"; Law of the Republic of Kazakhstan № 273-VI (26.11.2019) "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Civil Service and Anti-Corruption Issues"; Law of the Republic of Kazakhstan № 291-VI (27.12.2019) "On amendments and additions to some legislative acts of the Republic of Kazakhstan on the issues of the administrative-territorial structure of the Republic of Kazakhstan, improving the system of public administration, inter-budgetary relations, lending and education"; Law of the Republic of Kazakhstan № 357-VI (03.07.2020) "On

The Youth Talent Pool initiative launched in 2019 aimed at finding young talented managers for the civil service is also indicative.[48] This initiative received a positive assessment from the public, as it opened up an opportunity for young people to realise their career aspirations. Yet, it is worth noting that there would be no need for such an initiative if the current model of civil service would allow for attracting and retaining talented individuals in the first place.

Some changes at the current stage call into question further implementation of previously announced reforms. For example, the core task, in successfully executing the Plan of the Nation of 100 Concrete Steps, is the formation of a professional and autonomous state machinery. And yet such an institution as the Executive Secretary position that aimed at ensuring the autonomy of the state machinery was abolished in August 2020. Obviously, the abolition of the Executive Secretary position—to be replaced by the heads of staff—will lead to strengthening the influence of political civil servants, e.g. ministers and vice-ministers considerably. A negative consequence of this may be a significant deepening of political interference in administrative affairs and processes. Overall, it corresponds with the tendency to politicise top-level management positions in the public service, observed in recent years. However, this trend is typical not only for Kazakhstan, as politicisation of top management has remained a common flaw in the entire region (Verheijen and Rabrenovic 2015). It is worth noting that the Concept for the Development of Public Administration, approved by Presidential Decree on 21 February 2021,[49] addresses several of the issues mentioned above and it suggests ways to resolve them.

amendments and additions to some legislative acts of the Republic of Kazakhstan on civil service issues".

[48] 7,312 people applied for the competition (based on data from the Agency of the Republic of Kazakhstan for Civil Service Affairs).

[49] Presidential Decree № 522 (26.02.2021) "On approval of the Concept for the Development of Public Administration in the Republic of Kazakhstan until 2030", [Указ Президента Республики Казахстан от 26 февраля 2021 года № 522 "Об утверждении Концепции развития государственного управления в Республике Казахстан до 2030 года"]; https://adilet.zan.kz/rus/docs/U2100000522.

7.5 Conclusions

During the 30 years since independence, Kazakhstan has carried out profound socio-economic and political reforms, transforming the role of the state and achieving significant success in the transition from a totalitarian system to a market economy. Carrying out complex transformations, Kazakhstan managed to preserve social and political stability, resolve border issues with neighbouring states, and implement a large-scale national project—the relocation of the capital. The country's successes are reflected in the relevant international indices' rankings. At the same time, a review of the path traversed highlights some conflicting trends.

Indeed, on the one hand, the high level of literacy of the population inherited from the Soviet Union, as well as its tolerance and adaptability—characteristic features of the national culture—along with ample revenues enjoyed because of the country's abundance of raw materials created the basis and a favourable context for the implementation of reforms. On the other hand, the ambiguity of values prevalent in the last years of the existence of the previous regime and inherited by Kazakhstan resulted in a massive spread of such phenomena, as theft and "*nesunstvo*". This, in turn, led to abuses by the ruling elite in the state property privatisation process.

Moreover, having carried out an accelerated liberalisation of the economy, Kazakhstan, as recognised by international experts, has made significant progress in creating a legislative framework for a market economy. The problems in creating the cornerstone conditions for the long-term development of a market economy and a democratic society—the rule of law and fair competition—became a kind of payment for the speed of reforms, i.e. an unwanted but unavoidable outcome of the process. These contradictions are also reflected in international rankings and indices.

In this regard, the chapter seeks to understand the causal links between the success of individual sectoral reforms and the persisting problems in the form of widespread corruption, as well as the lack of accountability and transparency of the executive branch. For this, the hypothetical model of dynamic concentric spheres was applied (Baimenov 2020b), to highlight that the corridors of opportunities and limitations are determined by the political, administrative, and operational-technological subsystems of governance. In this context, the developers of the model point out that it is the political system that lays down the "elasticity or sensitivity

of the entire public administration to the needs, aspirations and will of citizens", and the administrative system that creates "institutional transparency, accountability, and responsibility of government agencies". The operations-technological system, "being the instrumentation of governance, ensures the effective functioning of state institutions within the limits of their powers and resources set by legislation".[50] Thus, the authors note that in order to obtain a synergistic effect, it is important to ensure a certain level of synchronisation of reforms across all systems.

At the same time, efficiency and effectiveness of governance reforms were assessed not only by comparison with neighbouring countries going through a similar path, and analysis of indicators based on international indices, but also by taking into account the opportunities (potential) that Kazakhstan is endowed with by virtue of its history, culture, geography, and also natural resources.

Five stages of the formation and development of the Kazakhstani civil service are identified. The creation of an authorised body in the field of civil service, the introduction of mandatory open competitive selection procedures, the division of civil servants into political and administrative, the introduction of Corps "A", the professionalisation of personnel services, as they all were key innovations aimed at modernising the civil service. Furthermore, the application of the principle of "one window" in the provision of public services and the development of e-government were important initiatives for increasing the efficiency of the public service. At the same time, resistance to reforms to a certain extent constrained the implementation of some of these initiatives, which in some cases led to their curtailment.

Analysis of the socio-economic and political context using the model of dynamic concentric spheres, as well as the problems of the functioning of the civil service, characteristic of different stages of its development, made it possible to identify priority areas for further development of governance and the civil service. In this regard, the most important and primary condition for the success of reforms is a systemic fight against corruption, wherein, the priority and prerequisite for the effectiveness of all efforts is, first, combating corruption in the judicial system and in the law enforcement agencies. At the same time, it is necessary to establish a

[50] Alikhan Baimenov, interview by B. Sakhanov: *Как починить машину госуправления [How to Fix a Government Machine]*; https://baigenews.kz/news/alikhan_baymenov_gosupravlenie_kazakhstana/.

clear delineation of powers between structures designed to fight corruption. Further improvement of anti-corruption mechanisms through the introduction of universal income declarations, development of the policy on conflict of interest ensuring transparency of financial flows, as well as the establishment of clear responsibility of officials in public funds allocation—from investments to scientific research, is essential. Overall, an important criterion for the effectiveness of the reforms is to ensure the rule of law and the independence of the judiciary.

From the accountability and transparency perspective, clarity of inter-institutional relationships is of fundamental importance. Society should know what level of government or what state body is responsible for resolving a particular problem or providing certain services. The relevance of this factor is reinforced by the growing expectations of citizens, who, thanks to information technologies, are better informed about decisions made in other countries and localities. Besides this, the clarity of the institutional framework, in fact, leads to an increase in the "taste" of society, which is important for the formation of relevant demand. Based on this, the chapter emphasises that the principle of balance of powers-responsibility-resources is fundamental for the effectiveness of administrative and operational-technological systems. Thus, it is important to clearly delineate the powers between political and administrative civil servants. Limiting the interference of the former in operational activities should be legislated. Along with this, it is essential to ensure an adequate degree of decentralisation in the governance system, determine the role and mission of each level of government, and develop further local government institutions.

Measures to increase transparency are also inextricably linked with further work on the integration of databases of government agencies, improvement of procurement systems, the development of e-government, including accelerated transfer of all public services to electronic format. It is essential to start using blockchain in the distribution of public goods and decision-making in the field of public investment, public procurement, and privatisation. It is also necessary to clarify the issues of determining tax and tariff benefits and preferences. Society should be aware of those who have preferential treatment in the payment of taxes and tariffs. It is required to ensure the transparency of the activities of national companies, including the management of state assets.

Responsible and transparent democratic governance, as well as the observance of the principle of a system of checks and balances in power,

requires an increase in the role of representative bodies, including the expansion of their oversight powers. It appears important to strengthen the control powers of the Accounts Committee (the national auditor), as well as to initiate the institutional convergence of the audit and evaluation of the effectiveness of government bodies' functions. It should be noted that existing systems of control, along with the widespread practice of "document approval", leads to an artificial increase in information flows, resulting in a huge flow of information circulating within the public administration system, performed for the sake of reporting, but not for making decisions. The transition from "control over execution" to "control over the achievement of results" will undoubtedly help to optimise information flows.

The quality of human resource management in general and the level of professionalism of personnel management services (HR services) in particular, in government bodies also significantly affects the efficiency of the entire system of governance. In this regard, it is important to endow HR units with strategic functions and professionalise their personnel further (Baimenov et al. 2020).

To increase the level of public trust in the objectivity and fairness of competitive selection, it is important to ensure its transparency as well as increase the responsibility of the members of the competitive commissions and improve the mechanisms and tools for selection for the civil service, including testing. Obviously, testing for knowledge of legislation in conditions when the goal of transition to the rule of law was proclaimed and there was legal nihilism, played a positive role, but now there is a need to develop new comprehensive tests with the involvement of a wide range of experts.

The planned introduction of a new remuneration system based on a factor-point scale will contribute to increasing the motivation of civil servants. At the same time, a prerequisite for the effective application of the factor-point scale is the presence of an objective civil servants' performance evaluation system. To avoid subjectivity, two-thirds of the salary should remain tied to the position and length of service. Furthermore, to increase the attractiveness of the civil service as a potential employer it is necessary to develop and implement flexible hiring and contract schemes, including reduced working hours, part-time work, and remote work in government bodies.

Finally, the most important task is to further develop leadership and enhance corporate culture in the civil service. In the field of leadership development, a promising direction is also the introduction of new modern management methods, such as agile, project, change management, kaizen, and others. In this context, respect of human dignity, time, labour, and efforts, which will create an environment conducive to increasing the efficiency of each civil servant, should take the central place in the new corporate culture (Baimenov 2020a: 31).

It is argued that all of the above will eventually improve the effectiveness of governance, as well as the level of public trust in the government. Moreover, the most recent initiatives of the President, the Concepts of the "Listening State" (2019),[51] of "Political Reforms" (2020),[52] and of the "Development of Public Administration" (2021), if properly implemented, can create a conducive environment, and provide fertile ground, for further development of an effective, responsible, and responsive governance system in the Republic of Kazakhstan.

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[51] State of the Nation Address "Constructive Public Dialogue – The Basis of Stability and Prosperity of Kazakhstan" (02.09.2019); https://www.akorda.kz/ru/addresses/addresses_of_president/poslanie-glavy-gosudarstva-kasym-zhomarta-tokaeva-narodu-kazahstana.

[52] State of the Nation Address "Kazakhstan in a New Reality: Time for Action" (01.09.2020); https://www.akorda.kz/en/addresses/addresses_of_president/president-of-kazakhstan-kassymjomart-tokayevs-state-of-the-nation-address-september-1-2020.

Appendix 7.1: Stages of Public Service Reform in Kazakhstan

Issues	*Measures taken*
Stage 1: 1991–1995	
• Selection and promotion are carried out not on the basis of personal merit and competence but based on political affiliation and patronage • A significant part of the personnel has had work experience under those conditions when the party-state machinery controlled all aspects of economic and social life. In these conditions civil servants had to adapt to the rapidly changing role of the state • High level of corruption. In the early 1990s, Kazakhstan was undergoing a process of reforming its economic and political systems, which was accompanied by serious problems related to corruption in various areas, including government and administration, business, and financial services (OECD 2005).[53] According to research results, law enforcement agencies were identified as the most prone to corruption. The reasons for this were named as: lack of government oversight of law enforcement, low salaries, and gaps in recruitment and selection mechanisms	• Transformation in the executive branch of government. The Council of Ministers was transformed into the Cabinet of Ministers of the Republic of Kazakhstan. The executive committees that functioned in districts and regions were transformed into administrations • Adoption of the Presidential Decree on the structure of executive bodies • Adoption of the first Constitution of Kazakhstan (28.01.1993). According to the Constitution, civil service in the Republic of Kazakhstan is based on the responsibility of civil servants to the people of the republic and its every citizen. They also enjoy equal rights for entering the civil service. Civil servants must ensure the observance of the rights and freedoms of citizens and maintain the authority of the state and its government bodies • New Constitution adopted on 30 August 1995

(continued)

[53] "Review of Legal and Institutional Framework for Fighting Corruption: Republic of Kazakhstan; https://www.oecd.org/countries/kazakhstan/37238516.pdf.

(continued)

Issues	*Measures taken*
Stage 2: 1996–1999	
• Lack of competitive selection • Lack of social protection measures and social security for civil servants • The status of a civil servant is not defined • In government agencies, there were mainly personnel who had not been trained after receiving a higher professional education.[54] Lack of specialised infrastructure for professional training of civil servants • High level of corruption	• The 1995 Constitution of the Republic of Kazakhstan guaranteed equal access of citizens to civil service • The Decree of the President of the Republic of Kazakhstan "On Civil Service" was adopted, having the force of law • The Decree determined the foundations of the organisation of civil service, the legal status of civil servants, their social protection, and regulation of relations in the field of civil service • The Academy of Civil Service under the President of the Republic of Kazakhstan was created
Stage 3: 2000–2006	
• Lack of stability of the state machinery, high personnel turnover • Until 2000, the recruitment/promotion of personnel was carried out without regard to merit • Government agencies' cadres had not been trained after receiving a higher professional education • Inefficient personnel reserve	• Distinction of civil service positions into political and administrative ones • A mandatory competitive selection has been introduced (announcement of a competition + testing + interview) • The Presidential Decree "On the Rules for Retraining and Advanced Training of Civil Servants" was adopted • The Presidential Decree "On the personnel reserve of the civil service" (2003) was adopted

(continued)

[54] For example, about half of the staff (49.7 per cent) did not undergo on-the-job training in central government agencies. Among the age groups of under 50, these figures are 60 per cent or more. Furthermore, 60 per cent of the leaders of the lower management levels—akims of settlements and rural districts—did not have any higher education. The overwhelming majority of civil servants at the regional, district, and village levels did not have the opportunity to improve their qualifications at all during their time in the civil service (Resolution of the Government of the Republic of Kazakhstan № 1706 (13.11.2000) On "The Concept of Training Civil Servants" ["О Концепции обучения государственных служащих];
http://adilet.zan.kz/rus/docs/P000001706.

(continued)

Issues	*Measures taken*
• The rotation of political employees was not regulated	• The rotation of political civil servants was introduced[55]
• The civil service employed persons who had committed corruption offences	• At the legislative level, a ban was established[56] • Civil servants, with an unreleased disciplinary sanction for a corruption offence, could not occupy a position by transfer • Individuals, who had committed corruption crimes, could not be admitted to the civil service
• Low level of ethics compliance by civil servants observed, in general	• Official Ethics Guidelines for Civil Servants (2000) introduced • Civil Servants' Code of Honour (2005) introduced
• Lack of continuity in government agencies	• The position of the Executive Secretary was introduced[57]
• Multiple management levels	• A five-tier management structure was introduced: department director, deputy director, head of department, deputy head of department, chief specialist, leading specialist, specialist
• Problems due to lack of clear delineation of competence between levels of government, inter-budgetary relations	• The Law "On Local Government and Self-Government in the Republic of Kazakhstan" was adopted • A typical structure of local government was been approved: – Regional Akimat[58] – Akimat of a city of republican significance, and the capital • Akimat of the district and the city of regional significance

(continued)

[55] The Law of the Republic of Kazakhstan (08.07.2005) "On Amendments and Additions to the Law on Civil Service".

[56] The Law of the Republic of Kazakhstan (08.07.2005) "On Amendments and Additions to the Law on Civil Service".

[57] Decree of the President of the Republic of Kazakhstan (27.07.2007) "On the Status and Powers of the Responsible Secretary of the Central Executive Body of the Republic of Kazakhstan".

[58] Decree of the Government of the Republic of Kazakhstan № 1022 (04.10.2004) "On Approval of the Typical Structure of Local Government of the Republic of Kazakhstan".

(continued)

Issues	*Measures taken*
• The civil service was not fully guided by the value of serving the people and it did not fulfil its responsibility to people	• Measures have been taken to create public service centres for the provision of public services on the "one window" principle
Stage 4: 2007–2012	
• People who had committed corruption offences worked in the civil service. Such persons were also sometimes appointed to government positions • There have been cases when civil servants who committed corruption offences resigned of their own free will • Lack of norms for resolving conflicts of interest in the civil service	• Amendments to the Law RK on the civil service: Strengthening responsibility for committing corruption offences, resolving conflicts of interest issues[59]
• Lack of understanding of the difference between the concepts of public function and public service • Lack of understanding of the notion of public service • Lack of assessment of quality of the provision of public services • Lack of regulation and standardisation of the processes public services are rendered	• Adoption of the Law "On Public Services" • Development and approval of standards and regulations of public services • Transition of public services delivery to electronic format • Introduction of an assessment of the government agencies' effectiveness, in terms of the quality of the provision of government services (2010)
• Lack of tools to measure the effectiveness and efficiency of the state bodies and civil servants	• An assessment system measuring the efficiency of government agencies was introduced[60] • Methodology for assessing the effectiveness of civil servants

(continued)

[59] Law of the Republic of Kazakhstan "On amendments and additions to some legislative acts of the Republic of Kazakhstan on issues of civil service and the fight against corruption" (29.12.2010).

[60] Decree of the President of the Republic of Kazakhstan № 954 (19.03.2010) "On the System of annual performance assessment of the central state and local executive bodies of regions, cities of republican significance, the capital".

(continued)

Issues	*Measures taken*
• Mistrust of citizens to the objectivity of competitive procedures for entering the civil service • Not everyone was sent to professional development activities and retraining; requirements dictated by the rules were not followed • Lack of choice in local government. Even if existing employees did not pass the certification process, they still remained employed, since there was no one to replace them • Work of state bodies is often characterised by ineffective labour organisation and lack of a clear system of social protection of civil servants, which led to an outflow of professional personnel • Transfers—horizontal and vertical—in the civil service became widespread	• The Concept of a New Model of Civil Service of the Republic of Kazakhstan was approved[61] • Work begun to improve the legislation on the civil service
• Lack of transparency and lack of objectivity of competition commissions • Decisions made by competition commissions were predetermined. Lack of responsibility of commissions' members for the decisions they took	• Amendments have been made to the Law of the Republic of Kazakhstan "On Civil Service";[62] • they introduced: – institute of observers and experts – tools to ensure the transparency of competitive selection processes
Stage 5: 2012 to present	
• Personnel departments performed the role of technical designers of decisions of the head of state bodies • Personnel services were created, in all government agencies, without taking into account the number of employees. In small government agencies, the personnel function was performed by part-time workers	• Renaming of Personal Services to Human Resources Management Departments • Creation of a unified HR services department for executive bodies financed from local budgets. Akims are given the opportunity to create a unified HR management service in the regions

(continued)

[61] Decree of the President of the Republic of Kazakhstan № 119 (21.07.2011) "On the Concept of a New Model of Civil Service of the Republic of Kazakhstan".

[62] Law of the Republic of Kazakhstan (26.03.2013) "On Amendments and Additions to the Law on Civil Service".

(continued)

Issues	*Measures taken*
• Problems in ensuring stability and continuity of the state machinery • Individual government positions that did not determine policy were political positions • Citizens and civil servants were often denied access to these positions	• Corps "A" was introduced
• The current system has allowed civil servants to be transferred from one government agency to another, if they met the qualification requirements without going through, and passing, competitive selection. As a result, high personnel turnover was endemic, when the leadership of an agency changed	• Excluded transfers between government agencies
• Low level of compliance with ethical standards	• Changes and additions have been made to the Code of Honour of Civil Servants. There is a provision for the immediate reporting of reliable information about a corruption offence committed by civil servants • Introduced the institution of ethics commissioners • "Plan of the Nation - 100 Concrete Steps" introduced[63] • First institutional reform • New law "On Civil Service" adopted that provides[64] • Transition of the civil service system from a mixed "position/career-based" to a "career-based" model

(continued)

[63] Plan of the nation—100 concrete steps Programme of the President of the Republic of Kazakhstan (20.05.2015).

[64] Law of the Republic of Kazakhstan (23.11.2015) "On Civil Service of the Republic of Kazakhstan".

(continued)

Issues	*Measures taken*
• Underestimation of the role of HRM services • Biased decisions of competition commissions • Decreased transparency and openness of competitive procedures for the personnel reserve of Corps "A". Corps "A" dropped out of the public eye • Disproportion in wages between the centre and the regions	• Step-by-step career growth from the lower to the highest positions on a competitive basis • For this, the institution of internal and general competitions has been introduced, which provides for the priority of occupying a position for existing employees • Mandatory probationary period for those who first enter the civil service according to the "3 + 3" formula
• The system for assessing the performance of civil servants does not allow for an objective assessment of the work civil servants perform	• Raising the salaries of civil servants depending on the results of their activities and performance
• Political civil servants continue to interfere with operations	• Extension of the basic requirements of the civil service law to the law enforcement service
• Coordination of appointments to positions (education and health care) after the decision of the competition commissions	• Implementation of a competency-based approach in the selection and promotion of civil service • Introduction of regional adjusting coefficients to the official salary of civil servants • Mandatory provision of official accommodation for civil servants, who are rotated for a period of performance of official duties without the right of privatisation • Implementation of new ethical rules. Development of a new Code of Ethics for the Civil Service. Introduction of the position of the Ethics Commissioner • Legislative consolidation of the system of regular and advanced training of civil servants • Admission to work in the civil service for foreign managers, individual specialists from the private sector, and citizens

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CHAPTER 8

Civil Service Reform in Kyrgyzstan: Challenges and Threats

Almaz Nasyrov

8.1 Introduction/Country Overview

The Kyrgyz Republic (Kyrgyzstan) is one of the states located in the north-eastern part of Central Asia. Kyrgyzstan borders with Kazakhstan to the north, Uzbekistan to the west, Tajikistan to the south and China to the east. The total area of the Republic is 198,500 km^2, of which, however, more than two-thirds is covered by mountains.[1] The average temperature in January is −4° to −14° and in July between +17° and +38° Celsius. The mountainous nature of the territory determines its climate diversity, and its natural landscapes, and flora and fauna, as well as the organisation of the territorial-administrative structure of the country.

[1] The average altitude is 2,750 meters above sea level. One of the highest points of Central Asia is located in the eastern part of Kyrgyzstan, the Victory Peak at 7,439 meters above sea level. The second highest peak is Lenin Peak at 7,134 meters, located on the southern border with Tajikistan.

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The population of Kyrgyzstan is about 6 million people (at the beginning of 2018). The composition of the population is Kyrgyz—72 per cent; Russians—6.9 per cent; Uzbeks—14.3 per cent; and Kazakhs, Tajiks, Uighurs, and other nationalities—7 per cent. The state language is Kyrgyz. Russian is the official and primary language of communication. Kyrgyzstan is a secular state and religion is separated from the state. Adherents of Islam make up 75 per cent of the population, Christian Orthodox 20 per cent, and other religions 5 per cent. The capital of the Kyrgyz Republic is Bishkek with 900,000 inhabitants approximately. The next most populous city is Osh with about 300,000 inhabitants. The cities of Karakul, Naryn, Talas, Jalal-Abad and Bat ken are regional centres.

Various states existed on the territory of modern Kyrgyzstan over the centuries. The Huns, from the end of the third to the end of the second century BC, the Saks up to the third century BC, and the Usuns during the fifth and third centuries BC. The ancient Kyrgyz—in the fourth and third centuries BC—were members of various nomadic tribes. During the following centuries—second and first BC—part of the Kyrgyz tribes moved to the areas around the Yenisei River and Lake Baikal, where they formed the first Kyrgyz state, "the Kyrgyz Khaganate". This is when Kyrgyz people consolidated their national identity and formed their culture. This is also the time that the Kyrgyz language first appeared in written form.[2] Runic inscriptions are preserved on stone monuments to our days.[3]

Up to the fourteenth century, different states were formed by the Karakhanids, the Chingizids and others on the territory of Kyrgyzstan. In the fourteenth century the territory of Kyrgyzstan was part of the Mogulistan state. During this period, Islam became a means of uniting the Mongol-Turkic tribes. At this time, the Kyrgyz were moving to the territory of contemporary Kyrgyzstan in Central Asia. By the sixteenth century, the ethnogenesis of the Kyrgyz was completed. In 1863, the northern part of Kyrgyzstan became part of the Russian Empire, followed

[2] Scattered over a huge area, the Kyrgyz tribes played an active part in the events that formed the rich history of Central Asia. Over the years, however, the Kyrgyz managed to preserve their ethnic independence, becoming a nucleus of attraction for other ethnic groups. Information about this period and of its historical events, societal norms, customs, and lifestyle may be found in the epos of "Manas", a literary work of unprecedented length, which is orally preserved and never written. More information about the history of Manas may be found at https://en.wikipedia.org/wiki/Epic_of_Manas.

[3] Runic inscriptions are very ancient writings, or drawings on stones.

by the southern part in 1876. After the October 1917 Revolution in Russia, the Kyrgyz together with other peoples of Central Asia became part of the Union of the Soviet Socialist Republics (USSR). In 1924–1925 the national-state delimitation of the Soviet republics of Central Asia took place. It resulted in the formation, in 1936, of the Kyrgyz Soviet Socialist Republic (KSSR). As part of the USSR, Kyrgyzstan had achieved some success in social and economic development, in education and health care, as well as in agriculture and industry, and science and culture. Moreover, the personnel potential necessary to run vital activities in various fields in the country was formed during that period.

Kyrgyzstan gained its independence peacefully in 1990 after the collapse of the USSR. A presidential system of government was established, with the powers of the head of state and the government clearly delineated. The first President A. Akaev was chosen by the Supreme Soviet of the Republic without an election, simply based on the recommendation of the Kyrgyz former Soviet elite. On 31 August 1991, the Declaration of Independence of Kyrgyzstan was adopted, and on 5 May 1993, the first Constitution of the Kyrgyz Republic came into force. It proclaimed the principle of separation of state powers into the legislative, executive and judicial branches of government. Gaining independence was an epic and significant event for the Kyrgyz. In the first years of independence, radical socio-economic and socio-political transformation took place in Kyrgyzstan. All actions aimed at the transition from a totalitarian to a democratic political system and from a centrally planned to a market economy.

Kyrgyzstan is a member of the United Nations (UN) and many other international and regional organisations, including the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organisation (SCO), the Collective Security Treaty Organisation (CSTO), the Eurasian Economic Union (EAEU), etc. In the international arena, the Kyrgyz Republic pursues a balanced and multi-vector foreign policy and it maintains diplomatic relations with more than 100 countries worldwide.

Further socio-political advancement necessitated the renewal of the Constitution of the Republic in 2007 and in 2010. The amendments introduced were aimed at further democratisation of society through redistribution of powers between the President, Parliament and the Government, and the intensification of the role of political parties in the governance of the country.

The development path of the country is determined by national development programmes, the latest of which was adopted in 2018—the National Development Strategy of the Republic 2018–2040.[4] The Strategy contains the goals and objectives for the socio-economic and socio-political development of the country bringing the country's envisioned development to a qualitatively new level.

8.2 Political, Economic, and Social Context

The Kyrgyz Republic recognises political diversity. Consequently, it has a multi-party-political system in place. The leading political parties include the Social Democratic Party of Kyrgyzstan, the Socialist Party *Ata-Meken*, the Republican-*Ata-Zhurt*, the "Kyrgyzstan", the *Bir Bol* and the Progressive-*Onuguu*.

The new Constitution of the Kyrgyz Republic adopted through a nationwide referendum in 2010 was a turning point for the political development of Kyrgyzstan. It marked the transition of Kyrgyzstan to a parliamentary form of government and to a qualitatively new image of the system of public administration and civil service. According to Article 3 of the Constitution, state power in the country is based upon the following unshakable principles: [i] supremacy of the power of the people represented and safeguarded by a popularly elected Parliament and the President; [ii] distinct separation of powers; [iii] openness and responsibility of state and local government organisations before the people, exercising their powers in the interests of the people; [iv] delimitation of functions and powers of state and local government organisations alike.[5] People, as the only source of state power, exercise it directly through elections and referendums. Furthermore, the direct participation of the people in government decision-making is also carried out through the *kurultai*, popular assemblies, and gatherings. State power in the Kyrgyz Republic is represented and implemented by the President, the *Jogorku Kenesh* (Parliament), the Government and the Judiciary.

The President of the Kyrgyz Republic occupies a special place in the system of state authority. The President is the personification of the unity

[4] http://donors.kg/en/strategy/5174-national-development-strategy-of-the-kyrgyz-republic-for-2018-2040.

[5] Constitution of the Kyrgyz Republic adopted by referendum (popular vote) on 27 June 2010.

of people and state power and represents the country both within the country and abroad. The President signs and promulgates laws; returns laws with objections to the *Jogorku Kenesh*; have a right to convene extraordinary meetings of the *Jogorku Kenesh*—when deemed necessary—as well as determining the issues to be considered. The President also has the right to speak at meetings of the *Jogorku Kenesh*. According to the Constitution, the President is elected directly by the people for a six-year term.[6] In 2011, Almazbek Atambayev was elected as President of the Kyrgyz Republic for a six-year term. In 2017, Sooronbay Jeenbekov was elected as the next President of the Kyrgyz Republic. Thus, for the first time in the modern history of the states of Central Asia, a peaceful transfer of presidential power from one individual to another was carried out, in Kyrgyzstan.

The President appoints and dismisses members of the Government and heads of state bodies and their deputies in charge of defence and national security. The President is also the Commander-in-Chief of the Armed Forces and appoints and dismisses its top commanders and leads the Defence Council responsible for taking measures to protect the sovereignty, independence and integrity of the country. In addition, the President—with the consent of the *Jogorku Kenesh*—appoints and dismisses the Prosecutor General, he also submits lists of candidates to the Parliament for electing judges for the Supreme Court posts—or for their dismissal—following the recommendations of the Council for the Selection of Judges. Furthermore, the President appoints local courts judges—or dismisses them—upon recommendation by the Council of Judges, in cases provided by the Constitution.[7] Conversely, the President does have the right to initiate legislation under the new system of government unlike the Deputies of the Parliament, the Government, and popular initiatives supported by 10,000 voters. This is noted as a peculiarity of the Kyrgyz system of government.

The legislative power in the Kyrgyz Republic lays with the Parliament (*Jogorku Kenesh*) consisting of 120 Deputies elected through party lists for a five-year term. The Parliament is the highest representative body that exercises legislative power and oversight control functions.

[6] The Constitution of 2010 limited the powers of the President, which is associated with the transition to the new form of government. However, the President retains some authority over the executive branch of government.

[7] Article 64 of the Constitution.

Its powers are broad, determining the structure and composition of the Government—with the exception of defence and national security structures—and approves the programme of Government activities (Article 74 of the Constitution). In addition, the Parliament may amend the Constitution, formulate laws, ratify and denounce international treaties (including the change of state borders), approve the republican budget and its implementation plan, resolve issues of administrative and territorial structures and issue acts of amnesty.

Elections to the *Jogorku Kenesh* of the fourth convocation were held in 2010. The seven per cent threshold—established by the Constitution—was passed by five political parties—the Social Democratic Party of Kyrgyzstan, the Republic, Ata-Zhurt, Ar-Namys and Ata-Meken—which entered Parliament and formed their own factions. Following parliamentary elections in 2015, deputies from six political parties were elected—Social Democratic Party of Kyrgyzstan; Republic-Ata-Zhurt; Kyrgyzstan; Progressive-Onuguu; Bir Bol; and Ata-Meken.[8]

The Executive power in the Republic is exercised by the Government, and its subordinated ministries, state committees, administrative agencies and local government administrations. The organisation and activities of the Government are largely determined by the Constitution of 2010, in which the norms for a parliamentary form of government were delineated. Under these conditions, the President does not interfere in the affairs of the executive branch of government, with the exception of those government organisations that report directly to the president. In such a situation, the "strength" of the Prime Minister largely depends on the position of the Parliament, which forms the Government.

The Government, as the highest executive authority is accountable to the *Jogorku Kenesh* and responsible to it within the limits provided by the Constitution. The Government is headed by the Prime Minister and consists of vice prime ministers, ministers and chairmen of state committees. It ensures the implementation of the Constitution and laws, and it executes internal and external policies of the state.

The Government includes ministries, state committees, administrative agencies and local government administrations. Under the leadership of

[8] An important feature of the new Constitution is that it creates the conditions for the existence of a strong, influential opposition in the *Jogorku Kenesh*. The opposition does not allow the parliamentary majority and the Government to abuse power. For this, the Constitution provides appropriate mechanisms.

Table 8.1 Composition of the Government of the Kyrgyz Republic over time

Year	*Ministries*	*State Committees*	*State Property Fund*	*State Agencies*	*State Services*	*State Inspectorates*	*Total No. of Government Units*
1993	16	10	1				27
1996	21		1				22
2000	12	2					14
2005	12	4		12			28
2007	14	5		11			30
2009	14	6		7			27
2010	18	2		6	10		36
2012	15	1		5	9	2	32
2016	12	4		7	11	2	36

the Government, they operate as public agencies, inspection units and funds. The structures, powers, responsibilities and activities of the central executive bodies are largely determined by the Law "On Government". However, the structure of central executive bodies has changed several times over the years. Table 8.1 presents the composition of the Government of the Kyrgyz Republic for selective years. These fairly frequent changes in the composition of the Government of the Republic are due to internal political processes and spontaneous modernisation of the public service, not always called for by assessments of real civil service needs.

Executive power in the regions and districts is exercised by local government bodies that are accountable to the Government for their activities. At the regional level, this function is assigned to authorised Plenipotentiary Government Representatives in the regions and their respective administrations. At the district level, executive power is exercised by the District State Administrators. They are also accountable to the Government for their activities, as well as to the Plenipotentiary Government Representatives of their respective regions. In addition, ministries and agencies operate their own units at the regional and district levels (Nasyrov 2017) (Fig. 8.1).[9]

The judicial power of the Republic is exercised by the Judiciary, which consists of the Supreme Court and local courts. Justice is administered

[9] Some ministries and agencies have units in both—the regional and district levels, and others only at the district level.

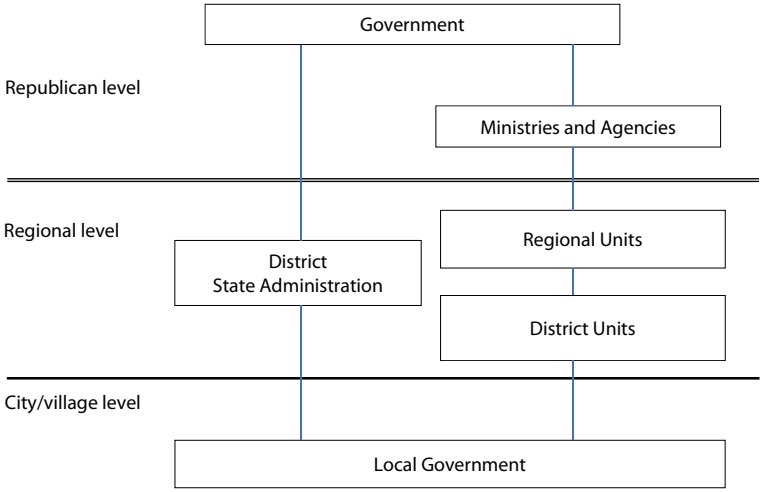


Fig. 8.1 Organisation of the executive power of the Kyrgyz Republic

only by the courts of the land. Specialised courts may also be established by law. Judicial power is exercised through constitutional, civil, criminal, administrative and other forms of legal proceedings. There are cases, stipulated by law, where citizens have the right to participate in the administration of justice.[10] The Supreme Court is the highest judicial body in civil, criminal, economic, administrative and other matters. It carries out a review of judicial acts of local courts upon appeal of trial participants in the manner determined by law. Acts of the Supreme Court are final and are not subject to appeal. The Supreme Court has a *Constitutional Chamber*. The Constitutional Chamber of the Supreme Court is the state body exercising constitutional oversight control. Candidates for the Supreme Court are submitted by the President—based on recommendation of the Council for the Selection of Judges—and such appointments are approved by the Parliament. Judges to the Supreme Court are appointed until they reach retirement age, currently set at the age of 70.[11]

[10] Article 93 of the Constitution.

[11] Constitutional Law № 141 (9 July 2008) on the status of judges of the Kyrgyz Republic, as amended by Law № 6 (9 January 2010), Constitutional Law № 41 (13 June

In the Kyrgyz Republic, there are other types of state bodies that perform certain functions of the state. These are the Prosecutor's Office, the National Bank and the Central Commission for Elections and Referendums, the Accounting Chamber, the *Akyikatchy* (Ombudsman), etc. The Prosecutor's Office supervises the precise and uniform implementation of laws by the state and local government organisations and their officials. Namely, it enforces compliance with the law by state organisations, as well as compliance with the law in the execution of court rulings in criminal cases, and the application of coercive measures related to the restriction of citizens' personal liberty, by carrying out investigations and operational search activities. The Prosecutor's Office is also responsible for representing the interests of the state and citizens in courts for those cases specified by law, and for criminal prosecution of government officials.[12]

The National Bank supervises the banking system of the Kyrgyz Republic, and it is responsible for monetary policy, as well as for implementing bank financing-related regulations. It also enjoys the exclusive right to issue money.[13] The Central Commission for Elections and Referendums ensures proper preparation and conduct of elections and referendums in the Kyrgyz Republic.[14] The Court of Accounts audits the execution of the republican and local budgets, including extra-budgetary funds, and the use of state and municipal property.[15] The Ombudsman exercises parliamentary control over the observance of rights and freedoms of persons and citizens in the Kyrgyz Republic.[16]

Administratively, Kyrgyzstan is divided into seven regions; the regions are divided into districts and cities of regional significance. Districts include urban and rural municipalities. There are 456 municipalities in total, of which 25 are urban and 420 rural. Municipalities are governed by local *keneshes* (councils)—the representative part—and by mayors in cities and *ayil okmotu* (governing bodies) in rural areas—the executive part (Table 8.2).

2011), Law № 66 (26 May 2012), Law № 167 (10 August 2012), Law № 130 (11 July 2013) and Law № 94 (26 June 2014).

[12] Article 104 of the Constitution.

[13] Article 105 of the Constitution.

[14] Article 106 of the Constitution.

[15] Article 107 of the Constitution.

[16] Article 108 of the Constitution.

Table 8.2 Regions and districts in the Kyrgyz Republic

Region	*No. of districts*
Batken	3
Jalal-Abad	8
Issyk-Kul	5
Naryn	5
Osh	7
Talass	4
Chuy	8

Local self-government in the Kyrgyz Republic is an independent activity of local communities for their own interests and under their responsibility, aimed at resolving issues of local importance. According to the Constitution,[17] local governments acting along with state authorities, decide citizens' livelihood-related issues of local importance in villages, towns, cities, districts and regions. Local self-government bodies exercise their powers and perform their functions based on the separation of powers principle between different levels of government. Local government activities are financed by local budgets, as well as from the republican budget. In a similar context, local government bodies have the right to manage municipal property, which may be another source of revenue for their activities (Nasyrov 2017).

Direct democracy has a special role at the local self-government level. It includes various forms through which the local population expresses their will for matters that are relevant within the boundaries of their administrative-territorial jurisdiction. The expression of their will is manifested through local elections, and assemblies of local citizens. With this in mind, one may say that direct democratic practices and the institution of local self-government are intertwined, complementing each other.[18]

[17] Article 91 of the Constitution.

[18] Such instruments of direct democracy in matters within the jurisdiction of local self-government are the *kurultais* (assemblies) and other forms of direct expression of local citizens' will, which are an integral part of the local self-government system of the Kyrgyz Republic. Norms of representation of delegates to the *kurultais*, as well as the procedures for the meetings and the means of implementation of decisions reached, are established by local community charters, in accordance with the relevant regulatory legal acts of the Kyrgyz Republic.

Furthermore, local communities can hold *kurultais*—meetings, gatherings, or assemblies—in order to take into account the public's opinion through its participation in the process of solving most important issues concerning the organisation of their livelihoods.[19] *Kurultais* deal with issues of socio-economic development in their territories, forming local budgets, as well as the use and development of municipal property. However, decisions of kurultais are advisory in nature to the respective local *Kenesh*, which are then considered by the local *Kenesh* and the head of the executive of local self-government.

Moreover, the opinions of members of the local community on issues of importance, hearings and discussions of the information of deputies of the Local Kenesh and its executive bodies must be taken into account, and adopt recommendations based on them. For this reason, meetings (gatherings) and public hearings are held with the participation of members of the local community living in one street, one block, a neighbourhood or a village. Recommendations of meetings are considered with the participation of representatives (delegates) from the relevant gatherings.[20]

Integral parts of the local self-government system are the local *Keneshes* (local assemblies) at the village, city and district levels. They are representative bodies of self-government and the *Aiyl okmotu (*village administration), and city halls, executive bodies of local self-government. Another integral part of the system are the bodies of territorial public self-government of the population. These include councils or committees of housing complexes, streets, neighbourhoods, towns and rural settlements. Territorial public self-government bodies are created on the initiative of citizens based on their will for participation voluntarily. These are all self-governing public organisations with similar characteristics and social norms.

With the collapse of the Soviet Union, the entire economic system in more or less all of the Union's Republics was reformed, along with the state administration and the civil service, including Kyrgyzstan. Economic system reform entailed an abrupt introduction of free-market principles and institutions, which had serious consequences for the entire economy of the country. A catastrophic decline in production, galloping inflation and a sharp increase in poverty and crime were witnessed. However,

[19] Article 59 of the Constitution.

[20] Article 60 of the Constitution.

despite the problems encountered in the process, Kyrgyzstan became an example of an open small economy, consistently pursuing strategic measures for the firm establishment of the new market institutions.

Kyrgyzstan became the first among the CIS countries to introduce a national currency (10 May 1993), the SOM (KGS).[21] Joining the World Trade Organisation (20 December 1998) allowed free transit of the country's goods to all WTO member states. Furthermore, the exclusive right of the state to own land was abolished, allowing private ownership of land, through a national referendum (17 October 1998), which led to the introduction of the Land Code of the Kyrgyz Republic (2 June 1999), and the lifting of the moratorium on purchasing and selling land (28 December 2000). This process of privatisation and re-distribution of property has facilitated the formation of a free market system in Kyrgyzstan. The current share of the private sector in the economic activities stands at 97 per cent. Moreover, joining the Eurasian Economic Union (EAEU) provided the country's producers with a 180 million people market and facilitated the potential for further integration. Overall, Kyrgyzstan is primarily an agrarian country, but also with significant economic activities in hydropower production and in mining that form the formal sector. However, the informal sector of the economy is still disproportionately large employing about 70 per cent of the country's labour force.

Kyrgyzstan ranks 122nd among 178 countries in the Human Development Index (HDI). Its current Index value stands at 0.672 putting the country among those classified with an average standard of living. However, the HDI component values for the country have been increasing steadily since 2000. Nowadays, the average life expectancy is 71.3 years, the duration of average schooling is 13.4 years and the per capita income is USD 3,317 approximately (Fig. 8.2).[22]

According to the World Bank, the country's GDP almost doubled, in the first ten years of independence from USD 0.917 billion (1992) to USD 1.606 billion (2002). This is the period that the old economic and legal system was no longer in operation and the new one had not fully and effectively been introduced yet. However, with the continuous

[21] USD 1 is equivalent to KGS 78 approximately (July 2020).

[22] http://hdr.undp.org/en/countries/profiles/KGZ.

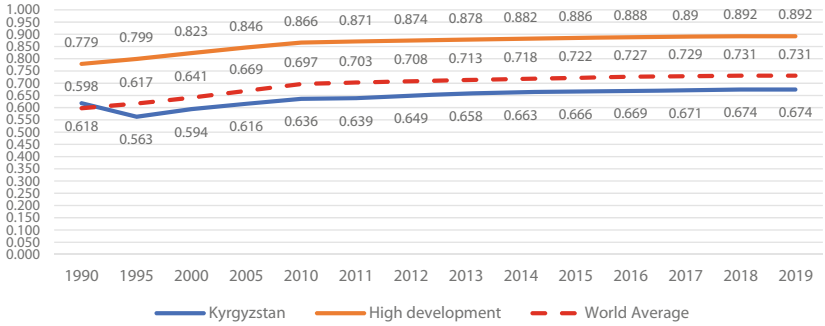


Fig. 8.2 Human Development Index (1990–2019) (*Source* http://hdr.undp.org/en/countries/profiles/KGZ)

strengthening of statehood and the governance system, GDP has nowadays reached USD 7.629 billion (2019). The main driver of economic growth has been the industrial sector. Its contribution to GDP stands at 1.9 percentage points per year, with a real economic growth rate of 10.3 per cent. This was accomplished through increases in the production of base metals and metallurgical ores, as well as through the expansion of electricity generation and of transmission and distribution networks. GDP growth is expected to accelerate further in the medium term, when gold production at the new *Jerooy* deposit starts, the volume of base metal production at the *Taldy-Bulak Levoberezhny* deposit increases, as well as when the oil refineries in *Tokmok* and *Kara-Balta* utilise their full production capacity (Fig. 8.3).

In Kyrgyzstan, the economy does not have a high level of complexity as innovation, and scientific research are poorly developed. Furthermore, any on-going scientific research or innovation initiatives are not related to most of the active industries in the country. Kyrgyzstan ranks 64th out of 131 countries with a negative Economic Complexity Index (ECI) of −0.05.[23] It needs to improve its innovation and research capacities, and at the same time focus on those economic sectors that bring significant revenues to the country's budget, e.g. garment industry, IT and mechanical engineering, construction, livestock breeding and the cultivation of fruits and vegetables. Nevertheless, Kyrgyzstan is a very favourable

[23] https://oec.world/en/rankings/country/eci/.

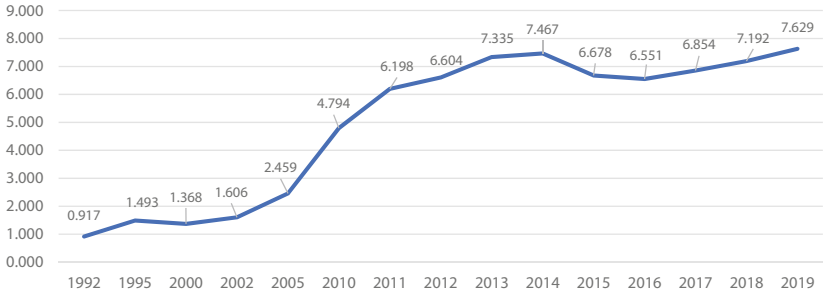


Fig. 8.3 GDP growth of the Kyrgyz Republic in USD billion (1992–2019) (*Source* International Monetary Fund, World Economic Outlook Database)

country for doing business. Its annual rating on the Ease-of-Doing-Business Index has improved, standing at 67.8, in 2018, ranking the country at the 80th position among 190 countries.[24]

According to the Global Peace Index, Kyrgyzstan ranks 93rd among 163 countries (2019), with an average peace rating surpassing the Russian Federation (at 154th place).[25] Conversely, Kyrgyzstan ranks 91st in the Gender Inequality Index (2019).[26] However, in the past five years, the country's position in the Gender Inequality Index has deteriorated by 27 points. Kyrgyzstan also has the highest maternal mortality rate—76 per 100,000 births, versus 12 in Kazakhstan—and a very high gap in the participation of women in economic activities—48 per cent versus 76 per cent for men. Moreover, 25 per cent of the population of Kyrgyzstan—1.6 million people—live below the poverty line, mostly in villages (72 per cent).[27] If income of labour migrants is excluded, then the percentage of the population living in poverty rises to 34 per cent and the level of extreme poverty to 8.1 per cent. The unemployment rate stands at 7.28 per cent (2019).

[24] https://www.doingbusiness.org/en/data/exploreeconomies/kyrgyz-republic.

[25] The Global Peace Index of the International Analytical Centre, Institute of Economics and Peace measures the level of militarisation of a country, the levels of safety and security and its involvement in domestic and international conflict; http://visionofhumanity.org/indexes/global-peace-index/.

[26] http://hdr.undp.org/en/content/gender-inequality-index-gii.

[27] The UN sets the threshold of poverty at a person earning less that USD 460 per year, or about USD 40 per month.



Fig. 8.4 Expenditure on Education as percentage of GDP (*Source* https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=KG)

The state budget devoted KGS 29.7 billion—5.5 per cent of the country's GDP—to education. This is a considerably high allocation of budgetary resources against the background of other Central Asian countries. However, according to the Education Index, Kyrgyzstan with a score of 0.656 is below the median value (0.782) of the first 100 countries included in the ratings (2019).[28] Funding for science and research amounts to 0.08 per cent of GDP (Fig. 8.4).

Government spending on health care per capita in Kyrgyzstan stands at PPP/USD 129, with total expenditures on health care amounting to 8.2 per cent of GDP in 2015, with a generally positive trend over the years (Fig. 8.5).

In the course of economic reform, new social policies are also being formulated guided by the need to ensure a well-balanced approach between the priority needs of the country and the available financial and material resources. In 2015, the Government of the Republic adopted a document "On the Programme for Development of Social Protection of the Population 2015–2017" (№ 85, 27.02.2015), in order to implement a unified policy course on social development, aimed at stabilising

[28] http://hdr.undp.org/en/content/education-index.

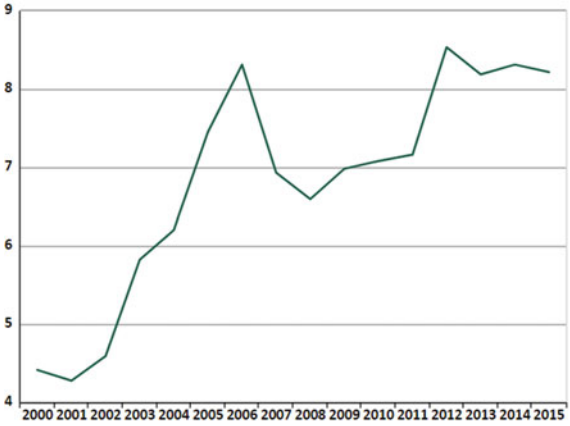


Fig. 8.5 Expenditure on Health Care as percentage of GDP (*Source* https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=KG)

and subsequently raising the living standards of the population of the Republic.

Adoption of effective social protection policies is important, as poverty in Kyrgyzstan is becoming a mass phenomenon, which is due to a number of reasons. In the early years of Kyrgyzstan's sovereignty, poverty was seen as caused by external factors. However, later on, the real causes were identified. It was found that poverty was a product of objective factors prominent in the transitional phase the country was going through, e.g. high unemployment, rising consumer prices, late disbursements of pensions and benefits, omissions in reforms, shortcomings in privatisation, etc. It was also a product of the influence of subjective factors, e.g. laziness, idleness, lack of initiative, dependency, alcoholism, excessive spending in social activities.

Nevertheless, as poverty has a negative effect on the material, moral and psychological state of people—especially within families and teenage children, who may develop an inferiority complex instead of revealing their potential—it is imperative for a democratic state to reduce the number of poor people by resolving the issues that are associated with poverty in order to overcome it. Various laws have been enacted by the Government of the Republic in order to support the most vulnerable segments of the population, as much as possible. Namely, the Laws: "On

the basics of social services for the population in the Kyrgyz Republic" (№ 111, 19.12.2001); "On guaranteed state minimum social standards" (№ 170, 26.05.2009); "On state benefits in the Kyrgyz Republic" (№ 318, 29.12.2009); and "On State Social Order" (№ 70, 28.04.2017).

Special attention is paid to people with special needs and children, for which specifically designed programmes and measures are being developed and implemented. For example, the "State Programme for the Development of Justice for Children in the Kyrgyz Republic 2014–2018",[29] the "Set of measures on ensuring the rights and improving the quality of life of persons with disabilities in the Kyrgyz Republic 2014–2017",[30] and the "Regulation on the Return to the Kyrgyz Republic of Children – Citizens of the Kyrgyz Republic, left without care outside the Kyrgyz Republic".[31]

The role of the State and the expansion of its functions in modern societies is due to the increased complexity of the socio-economic process, while it also takes measures to preserve a free market and maintain institutions and mechanisms to safeguard people's well-being. As many contemporary social problems cannot be resolved solely by marker mechanisms, it is necessary to have a built-in system in place that would work towards alleviating the effects of social disparities present in society, i.e. civil servants employed in executive state and local government organisations working towards reducing tension in the social domain.[32] In this context, the effectiveness of reforms aimed at creating a social market economy should be evaluated against the positive socio-economic results that may be yielded for the general population. However, public policy direction should not be limited only to social assistance, but it should also contribute to the creation of conditions for the mobilisation of the social energy of the population necessary for the functioning of a

[29] Approved by Decree of the Government № 4390-V of the Kyrgyz Republic on 16 October 2014.

[30] Resolution of the Government № 650 of the Kyrgyz Republic on 2 December 2013.

[31] Approved by Decree of the Government № 571 of the Kyrgyz Republic on 21 October 2013.

[32] Resolution of the Government of the Kyrgyz Republic № 85 (10.02.2012) "On the approval of the Unified Registry (list) of civil services provided by the executive authorities, their structural subdivisions and subordinate institutions"; and Degree of the Government of the Kyrgyz Republic № 264 (21.05.2014) "On Social Affairs Commission under the local self-government executive bodies".

market economy. A modern system of social protection should provide a minimum acceptable level of income and at the same time, access to resources for personal development, e.g. education, employment and medical services (Mamatov 2005).

The average monthly nominal wage per employee—excluding small enterprises—amounted to KGS 15,665 (USD 227 approx.) in the first half of 2018. Nominal wages were increased by 6.6 per cent—or 4.2 per cent if the inflation rate is considered—in comparison to the previous year's wage levels. The average monthly nominal wage per state employee, whose salary is paid from the state budget is KGS 12,395 (USD 180 approx.), and that of employees, who are not paid through the state budget is KGS 21,397 (US 310 approx.). Thus, it seems that employees outside the state sector are paid 1.7 more than state budget funded employees. However, a special programme on social support of state employees exists, such as the state programme aimed at providing housing for social workers, military personnel and municipal employees through mortgage lending mechanisms. To this end, the Government issued a resolution, "On State Mortgage Company" (15.07.2015) and another "On Affordable Housing 2015–2020" (05.08.2015) to support the Government's programme on affordable housing. In this connection, the authorised capital of the Open Joint Stock Company (OJSC) "State Mortgage Company" was increased from KGS 10 million to KGS 310 million (17.02.2016).[33] The goal of this stimulating programme is to ensure the full functioning of a mortgage lending mechanism, which will positively contribute to the development of affordable housing for public employees.

8.3 Civil Service Reform

With bad laws and good officials, it is still possible to rule,
but with bad officials no laws will help.

O. Bismarck

The process of forming a civil service in Kyrgyzstan, as in other countries in the region, is associated with the peculiarities of statehood building

[33] The sole shareholder—100 per cent—of the OJSC "State Mortgage Company" is the State Property Management Fund under the Government of the Kyrgyz Republic.

after independence. The development of the civil service has been inhibited by the same complex issues that have also influenced the Kyrgyz statehood formation after independence. These were: [i] issues associated with the constitutional and legal status of civil servants; [ii] the disorder of interaction among state bodies responsible for the organisation of the civil service; [iii] lack of a unified policy on the formation of the civil service (including the creation of its regulatory and legal framework); [iv] lack of a state personnel policy; and [v] poor competencies and lack of professional training for the majority of state employees, among other (Chotaev 2012; Chotonov 2007).

In 1991, following the declaration of its independence, the Kyrgyz Republic embarked on establishing the framework for a democratic state and a market economy, an effort that was confronted with many challenges. Political influence, and protection and corruption schemes were dominant in appointing personnel; practices that negatively affected the quality of performance and work of state organisations. This state of affairs necessitated the creation of a new system of recruitment, which led to the transformation of the Soviet civil service model, and reforms in organisational, legal and operational practices.

In this regard, the first legal instrument, in the field of civil service regulation, was developed and put into effect in 1996. The Provisional Regulation "On the Principles of Civil Service in the Kyrgyz Republic".[34] This legal document served as the basis for the subsequent development of special acts in the area of civil service.[35] It also played an important role in the establishment of the civil service institution, independent from partisan interests. For the first time, in the history of state service legislation, the concepts of "civil service", "state and non-state service", "state body", "public office" and other important terms were defined. In other words, for the first time, the temporary regulation in the Republic's legal code defined the foundations for civil service organisation, as well as the legal status of civil servants and the basic premises within which the civil service operated.

The Provisional Regulation was followed by other regulatory acts, e.g. Regulation "On the Disciplinary Responsibility of Civil Servants in the

[34] Decree of the President № 2022 (14.06.1996).

[35] Initially, civil service employment was regulated by the Labour Code of the Kyrgyz SSR of 1972, followed by the new Labour Code of the Kyrgyz Republic of 1997.

Kyrgyz Republic" (№ 451, 02.10.1996); Regulation "On the Contractual Form for Filling Public Positions" (№ 454, 02.10.1996); Standard Regulation "On Certification of Civil Servants" (№ 453, 02.10.1996); and the Decree "List of Public Positions of Civil Servants in State Bodies and the Administration of the Kyrgyz Republic" (№ 246, 04.09.1997). This latter decree also provided for the establishment of the National Commission on State Administration and Civil Service. However, this Commission did not meet the expectations and requirements of the on-going reforms and the implementation needs of the relevant to the civil service legal instruments. Administrative reform being carried out in Kyrgyzstan called for completely new foundations for the organisation and functioning of the civil service system, taking into account international experience and knowledge, which the Commission could not match.

In 1999, the Law "On Civil Service" was adopted. The first legal act focusing completely on the organisation and status of the civil service. However, this Law did not contain any provisions for the establishment of a single coordinating body responsible for its implementation. Thus, the Presidential Administration and the Office of the Prime Minister were engaged in coordinating administrative reform initiatives at different times, with often opposing views both with respect to the reforms themselves, as well as on the mechanisms for, and pace of, their implementation. As a result, various spontaneous activities, aimed at solving situational problems that arose on the way, were coined as "administrative reform". Nevertheless, Kyrgyzstan adopted some important documents during this period such as the "Concept on State Personnel Policy in Kyrgyzstan", the "Presidential Programme for Implementing State Personnel Policy in the Kyrgyz Republic 1998–2005" and the "Strategy for Administrative Reform in the Kyrgyz Republic", which played an important role in developing and improving the institution of the civil service.

Still, however, there was no unified system of civil service organisation and recruitment. Thus, in order to ensure the continuity, stability and independence of a professional civil service that could attract appropriately qualified personnel and improve the efficiency of civil service management, a new law—"On Civil Service"—was enacted on 11 August 2004. This Law defined the basic principles of the civil service. The adoption of this new Law marked a fundamentally new phase in the transition process of the civil service system to a substantially new level. Since then, measures

have been taken to optimise the civil service and to strengthen its institutional basis. An appropriate regulatory framework for the civil service was created, including the definition of the principles for building, and implementing personnel policy in the civil service system of the Republic. Among the significant innovations of this Law were:

- *Distinction of civil servants into political and administrative ones*
  The Law provides for a clear distinction between political and administrative positions in the civil service, thus guaranteeing continuation (institutional memory) in the Administration.
- *Establishment of an authorised body responsible for civil service affairs*
  The Agency of the Kyrgyz Republic on Civil Service Affairs was established as a state body working under the Civil Service Council, to implement the provisions of the Civil Service Law.[36]
- *Introduction of the State Secretary institution*
  The position of the State Secretary is a civil service position, the highest administrative position in ministries, state committees and administrative departments, responsible for HR and operational issues in their respective organisations.
- *Mandatory use of a competitive selection process for filling civil service vacancies*
  The mandatory use of competitive selection processes for filling vacant positions in the civil service safeguards the constitutional right of citizens for having equal access to the civil service. It is also a process through which corrupt practices in recruitment may be minimised or eliminated, e.g. hiring on the basis of fraternity, kinship, friendship, etc.
- *Enhancement of personnel management services*
  The role and responsibilities of personnel management units in state bodies are increased. Personnel policy will be based on creative and innovative practices that would lead to increased qualifications requirements for individuals aspiring to join the public service. Furthermore, new approaches in personnel policy will allow for managing more effectively the development of the professional qualifications of civil servants, and thus gradually upgrade the system of

[36] In 2009, the Agency of the Kyrgyz Republic for Civil Service Affairs was renamed as the State Personnel Service of the Kyrgyz Republic.

managing the allocation of civil service positions, including the use of rotation mechanisms and the efficient use of the personnel reserve.
- *Training and re-training of personnel reserve members*
  Prospective civil servants included in the personnel reserve are trained and re-trained regularly in order to be able to fill a vacant civil service position, when they are called to join the civil service.
- *Income declaration of civil servants*
  Civil servants are required to declare their incomes and assets on a periodic basis, as a measure to prevent corruption in the civil service.

One of the most significant innovations was the establishment of a state body responsible for civil service development. The Agency for Civil Service Affairs—which in 2009 was transformed into the State Personnel Service (SPS). In 2012, the State Personnel Service was also assigned with the mandate to develop the legislative framework for the municipal civil service.
The functions of the State Personnel Service include the following:

- Development and implementation of a unified state policy in the field of civil service;
- Development and adoption of regulatory legal acts and unified rules that are mandatory for state bodies for the competitive selection of candidates for public administrative positions, as well as for the evaluation and interdepartmental rotation of public servants;
- Selection of candidates for the position of state secretary of state bodies on a competitive basis using transparent procedures for their selection, as well as in the recommendations of selected candidates for appointment;
- Development of proposals relating to ethical behaviour and conduct of public servants, and their submission to the Civil Service Council for its consideration, including provisions for disciplinary measures, to be activated in cases where civil service legislation is violated;
- Establishment of format and procedures for filling, applying, registering and storing declarations of income and property of civil servants, as well as checking for accuracy of their content;
- Development of procedures and rules to prevent situations of conflicts of interest, which should apply to all government bodies,

and provision of advice to government officials and their managers on issues related to conflicts of interest and ways to eliminate them;
- Examination and consideration of complaints lodged by public servants on decisions of internal investigations conducted by their respective state bodies;
- Submission of draft regulatory legal acts on civil service issues for consideration by the President and the Government of the Kyrgyz Republic;
- Coordination of activities pertaining to the formulation and placement of state orders for training, re-training, advanced training, and internship programmes for civil servants, at home and abroad;
- Monitor compliance with the legislation on civil service and preparation of proposals to the Government, the Parliament and other relevant state bodies for improving compliance;
- Conduct effectiveness analyses of civil servants' performance in public bodies and provide recommendations for improving their efficiency;
- Development of proposals for improving public servants' compensation, as well as for providing them with social and legal support in consultation with the Government; and
- Development and maintenance of the Registry of Administrative Public Positions, and preparation of proposals for amending the Registry.

Another significant innovation has been the introduction of the State Secretary position in ministries, state committees and administrative departments, classified as the highest administrative position in a public organisation. The institution of state secretaries has been established, with a mission to ensure the protection of civil servants' legal rights, and the stable functioning and professional development of state organisations. The position was deemed necessary as great "instability" existed in personnel recruitments and dismissals that would concur with any change of the head of a state organisation. Furthermore, it often happened that every new head would implement personnel policy in their own way. To prevent such practices, the position of the state secretary was introduced. Thus, state secretaries are called upon to preserve the stability and efficiency of public organisations, as agents safeguarding the implementation of a unified state personnel policy in the civil service.

Nowadays, state secretaries are responsible for all personnel policy matters. They are engaged in attracting professional and competent personnel to the civil service and are responsible for assessment of civil servants' performance and their development, as well as for making proposals to the heads of their respective organisations for enhancing material and non-material motivation measures for their personnel. Furthermore, they are involved in the financial management of their respective organisations. At present, the position of the state secretary has been established in 29 state bodies, of which 24 have been filled, with the remaining five being still vacant.

With respect to selection of potential civil servants, and in order to ensure equal access to all citizens to the civil and municipal service, a competitive selection process has become mandatory since 2004. For this purpose, attestation and competition commissions have been formed in all state and local government bodies, which include not only employees of the respective government bodies, but also representatives of civil society institutions and business associations, and community experts, as well as the chairmen of the ethics committees of the respective state bodies, who participate as representatives of the State Personnel Service.

Furthermore, testing centres started functioning in 2008, where candidates for vacant government posts undergo computer-based testing of their knowledge of the legislation on the civil service. The creation of the testing centres aimed at preventing corruption and ensuring a transparent competitive selection process. Testing centres are located in the regional offices of the State Personnel Service and/or in regional centres of the Republic. Nowadays, testing is carried out on-line in Osh, Jalal-Abad, Batken, Karakol, Naryn, Talas, Mailu-Suu and Ala-Buka cities. In 2010, polygraph (or "lie detector") testing was introduced for selecting candidates to serve in certain state bodies, as well as for the state secretary positions.[37] It should be noted that Kyrgyzstan is the first among the Central Asia countries that uses polygraph testing for individuals entering the civil service.

On 17 May 2011, the Concept of Modernisation of the Civil Service was adopted, in which the main directions of civil service reform were

[37] State bodies for which polygraph testing is required for filling a vacant position are the State Personnel Service, the State Tax Service, the Accounts Chamber, and the Ministry of Health.

considered.[38] In 2013, the President of the Kyrgyz Republic approved the Action Plan for its implementation, which is the "road map" of development of state and municipal service.[39] All steps taken in the field of state and municipal service in recent years are the result of the implementation of tasks outlined in these documents. The adoption of the Action Plan of the Concept of Modernisation of the Civil Service marked the start of an active reform period of the civil service in Kyrgyzstan. Additionally, in order to create the right conditions for enhancing the motivation of civil servants in pursuing a career in the civil service, new registers of state and municipal posts were developed and approved in 2013.[40] In these new registers, civil service posts are aligned and classified according to the level of authority and responsibility they entail.

Related to the new registers, a fundamentally new system of remuneration for state and municipal servants has been developed to provide material motivation in congruence with the real contribution of civil servants to the activities of, and the results achieved to the state and local government bodies that they work for. The new remuneration systems were approved by the Government on 28 June 2013.[41] The new unified remuneration system is based on a single minimum base rate for all state and local government employees. The level of the official salary for state and municipal public servants is calculated based on a uniform rate and a coefficient (step) established across categories of positions. The new remuneration system also allows for additional compensation for civil servants based on the annual assessment of their performance against several key performance indicators.[42] Performance measurement

[38] Decree of the President № 146 (20.06.2011).

[39] Decree of the President № 36 (12.03.2013).

[40] Presidential Decree № 145 (26.06.2013) "On approval of the Register of State Posts of the Kyrgyz Republic and the Register of Municipal Posts of the Kyrgyz Republic" («Об утверждении Реестра государственных должностей Кыргызской Республики и Реестра муниципальных должностей Кыргызской Республики»).

[41] Government Decision № 384 (28.06.2013) "On conditions of remuneration of State and municipal servants of the Kyrgyz Republic" ("Об условиях оплаты труда государственных и муниципальных служащих Кыргызской Республики").

[42] Introduction of the new remuneration system also allowed, for the first time, to declassify the compensation systems of state and municipal servants and make such information public, without carrying the "for official use only" heading, as it was the case previously.

was introduced in 2013, aimed at improving the effectiveness and quality of civil servants' work.

On 1 August 2013, the first stage of transition to a unified remuneration system was implemented for local government employees. This allowed for not only increasing the salaries of specialists working in *ayil okmotu* and city halls, but also levelling them up, at least partially, to the state and local government administrations' salaries. The salaries of specialists working in *ayil okmotu* increased almost three times, from KGS 2,500 to KGS 6,000 and in some cases more. This salary adjustment had a major influence on increasing the prestige of the municipal service, especially in rural areas, resulting in an increased attraction of young and promising individuals to work in local government bodies. It also established the foundations for a career planning system for these younger public servants.

Furthermore, a clear distinction between political and administrative government posts has been introduced, on the premise that a change in the management of government organisations should not lead to violations in personnel appointments, which may undermine the continuation of their work activities. Furthermore, stability in official government positions was considered a necessary prerequisite both for safeguarding the interests of the government organisations and the interests of public servants who serve in these organisations. Thus, under the new system, administrative civil servants preserve their positions, irrespective of any changes that may take place at the top of their organisations. On the other hand, individuals who hold political civil service positions may come and go when changes occur at the political level.

Another novelty introduced by the Law on Civil Service is the obligation of civil servants to submit income declarations on a periodic basis. Since 2005, every single civil servant is obliged to submit an income and assets declaration to the State Personnel Service. The main purpose of the declaration is to promote a transparent public service system, as well as enhance the accountability and responsibility of senior officials to the people of the country, by publishing summary information of their income and assets in the mass media. From 2005 to date, eleven income declaration cycles have been completed, and during this period, the number of declarations submitted has almost tripled. For example, during the period 2005–2010, the number of declarations submitted by political and other special position holders ranged from 988 to 1,511. In 2016, this number increased to 2276 declarations. The number of income

and assets declaration of administrative civil servants also increased from 12,225 to 29,067.[43]

However, until 2012, no checks for accuracy of information submitted were carried out, as there was no verification mechanism provided in the legislation. To remedy this situation, the State Personnel Service has developed a draft Regulation defining mechanisms and procedures for verifying the authenticity of information contained in the income and assets declarations.[44] In implementing the provisions of this Regulation, the Government formed an Inter-Agency Commission, which also included representatives of law enforcement and other government agencies. The Inter-Agency Commission issues its conclusions and sends a report to the President of the Republic and the Prosecutor General's Office upon completion of the verification process. Consequently, since the introduction of the income declarations modality in 2013, authentication of information contained in income declarations of individuals assuming political and other special positions was conducted for the first time.

An important element contributing to the development of the civil service in the Kyrgyz Republic is the creation and introduction of the Human Resources Management Information System (HRMIS). The work is on-going towards the automation of the human resource management processes in the state and municipal service, and it is actively promoted. The system was piloted in four state organisations: The State Personnel Service, the Ministry of Health, the State Agency for Local Government and Inter-Ethnic Relations and the State Agency for Youth Affairs, Culture and Sports. They are all connected to the HRMIS "Personnel" of the Infocom State Enterprise of the State Registration Service for testing the system. As of 2017, the HRMIS "Personnel" has been expanded to cover all personnel departments in all government organisations.

[43] It should also be noted that since 2016 individuals assuming political and other special positions, they also began to provide information on their expenditures, in addition to their income, according to the Law "On introducing amendments and addenda to the Law of the Kyrgyz Republic On declaring and publishing information on income, liabilities and property of persons assuming political and other special government positions, as well as their close relatives" (based on annual information of the Civil Service Agency).

[44] This Regulation was approved by Decree of the Government № 855 (25.12.2012).

This task is related to a more general goal of the public administration system, that is the introduction of e-government, which is considered a priority. This priority is reflected in the Roadmap for Digital Transformation "Digital Kyrgyzstan 2019–2023". In this context, the system "*e-Kyzmat*" ([E-Government) that entails the digitalisation of the state and municipal services has been initiated. The relevant work is undertaken by the State Personnel Service and the State Enterprise "Infocom" of the State Registration Service. Development of the system began in 2014, and to date, most state bodies of the Republic have been connected to it. It is expected that local governments will also be fully connected to the system by 2020–2021.

The system was developed in order to create a common database of public and municipal employees, to facilitate personnel selection management and their professional advancement. The "e-Kyzmat" system allows for the automation of all processes involved in managing the public service, starting with competitive selection, creating a national personnel reserve, planning and evaluating public employees' activities, and managing personnel training and career advancement. Furthermore, it receives all the necessary information automatically, and it operates in an environment conducive to facilitating information exchange among government agencies with respect to human resources availability and status.

The "e-Kyzmat" system consists of six functional modules: [i] human resources management; [ii] staff allocation management; [iii] national personnel reserve; [iv] competitive selection;[45] [v] performance appraisal; and [vi] distance learning. Additional modules are being developed and deployed gradually, including the electronic workbook and the electronic certificate modules. Moreover, the e-Kyzmat system automatically generates approximately a hundred reports for employees of human resources management departments in government agencies. Overall, the "e-Kyzmat" system ensures the speed and accuracy of storing and processing data for all state and municipal servants.[46]

[45] An interface for citizens who are interested in joining the public service has been developed, allowing them to submit electronic applications for filling vacant posts in central and local government bodies.

[46] The system operates on the principle of "input information only once". It is also integrated with other state-maintained databases.

In 2016, the integrated Law "On State Civil Service and Municipal Service" was adopted aimed at improving the regulatory framework of the state and municipal services, a condition which will allow for further systemic reform.[47] The need to introduce this law stemmed from the tasks set in the National Sustainable Development Strategy 2013–2017, in various Presidential Decrees and the Programme of the Government. The new law aims at ensuring that the civil and municipal services become truly effective and efficient, contributing to the well-being of society. Its ultimate goal is the establishment of a professional staff corps that would manage state bodies and be capable of resolving key issues that would improve the quality and timeliness of public services' provision to the citizens. It is worth noting that the adoption of this law initiated a new stage in the development of the state and municipal services of the Kyrgyz Republic. It has actually introduced the following provisions:

- Unity of the civil service, as well as a new concept delineating the civil service of the state;
- Elevation of the status of both state civil and municipal servants;
- Designation of criteria for determining political and administrative positions—on the basis of the existence of authority on politically oriented decisions;
- Municipal service organically integrated into a system of professional service through equating it to the status of civil service resulting in unified approaches to career growth, unified systems of remuneration and evaluation of employees, possibility of rotation, inclusion in personnel reserves and a unified system of personnel training;
- Interrelation is established between training, assessment, practical results of employees' work and their career advancement, as well as material, and non-material motivation;
- Creation of systematic training programmes for state and municipal servants for the first time covering the period 2013–2017;[48]

[47] The Law was signed by the President of the Kyrgyz Republic on 30 May 2016 and entered into force on 7 June 2016.

[48] Presidential Decree № 162 (12.07.2013). "On the improvement of the training system for State and municipal employees of the Kyrgyz Republic" ("О вопросах совершенствования системы обучения государственных и муниципальных служащих Кыргызской Республики").

- Also, for the first time, a framework is established for "career planning of state and municipal servants" that will make the civil service more professional, including other measures to improve the efficiency of the National Personnel Reserve;
- Expansion of the powers of the Council in order to also coordinate personnel issues in the municipal service.[49]

The implementation of the Law will improve the quality of the civil service system and will increase the capacity of state and local governments' personnel. Draft regulatory acts have been developed aimed at implementing these provisions of the new law. These documents propose a series of active changes in reforming the civil and municipal services.

To date, the Kyrgyz Republic has become one of the first countries in Central Asia that has joined the Open Government Initiative. According to a recent study by the UN Department of Economic and Social Affairs (UNDESA), in 2017, Kyrgyzstan has moved to 91st place among 193 countries in e-government development.[50] The Kyrgyz Republic has initiated a national project titled "*Taza Koom*" (Transparent Open Society). This project is a nationwide high-tech initiative to build a state that will allow for better provision of public services and create more favourable conditions for citizens and businesses. It is assumed that it will encompass all areas of the social and legal life of citizens and improve the quality and safety of their lives. The essence of the *Taza Koom* project is to create a single-lane digital highway uniting the whole country. For the effective implementation of the projects under *Taza Koom* to create a smart state, a new full-time IT position has been introduced in each government department and agency. This will be a managerial post to promote the implementation of "*Taza Koom*" within each government department and agency (Fig. 8.6).

The entire *Taza Koom* project will be implemented through the "*Tunduk*" (network cover) platform. The said platform—a system for electronic inter-agency interaction—is based on one of the best international practices—the Estonian system of inter-agency interaction "X-Road". The state-owned enterprise

[49] Hence, it was renamed as the Council on Public Service and Municipal Service.

[50] National Statistical Committee (NSC) of the Kyrgyz Republic: Analytical Review, 2019.

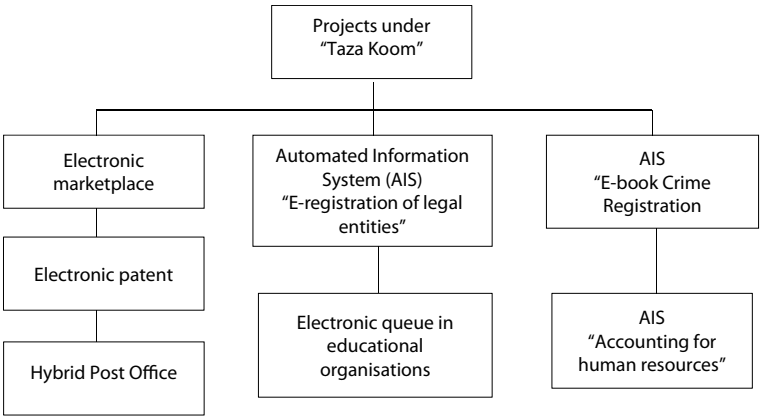


Fig. 8.6 Projects implemented in the framework of "Taza Koom"

"Tunduk Centre of Electronic Interaction" has fully deployed and operates the Inter-Agency Electronic Interaction System (IAEIS) using the X-Road platform.[51]

The main goal of the Tunduk system is to modernise the state administration by ensuring prompt exchange of data necessary for rendering public services, by performing state and municipal functions between executive and local governments, and by minimising the costs of searching, processing and exchanging information in electronic format. In fact, the introduction of the IAEIS will allow for savings in the Republic's public budget amounting to USD 300 million annually.

By the beginning of 2020, 14 government agencies were physically connected to the IAEIS Tunduk, and another five use it to exchange data through it. In the period 2018–2019, 189 public services were provided through the system, of which 22 are provided in electronic format. By the end of 2019, another 23 services were added to the system. Furthermore, fibre-optic communication lines have been laid between 68 state

[51] To date, Estonia and Finland have also built their own IAEIS based on the X-Road platform; https://e-estonia.com/x-road-between-finland-and-estonia/.

bodies. Moreover, 218,174 public services have been provided through information kiosks worth KGS 10,577,000.[52]

In its efforts to promote the digital transformation of the country, the Government of the Kyrgyz Republic on 9 February 2018 joined the World Bank regional programme "Digital CASA" (DCASA).[53] This Programme is part of a regional integration development initiative, which Kyrgyzstan was one of the first countries to join. The goal of the Programme is to digitally integrate the landlocked countries of Central Asia, and some other countries of South Asia into the regional and global economies, in order to assist them in reaping digital dividends in the near future.

The project "Digital CASA—Kyrgyz Republic" includes four main components:

- *Regional infrastructure of digital connectivity*: To promote the development of more affordable high-quality Internet access services for citizens, businesses, and the state by encouraging private network infrastructure development, and provision of such services at the regional and national level;
- *Regional data processing centres, digital platforms, and intelligent solutions*: To create a joint infrastructure of data processing centres and platforms—based on cloud technologies—in order to provide citizens with better public services by both the state and the private sector;
- *Enabling environment for the digital economy*: To create an enabling environment for improving the regulatory framework for digital economy across the region, including within the Eurasian Economic Union (EAEU), and to develop digital development policies and strategies, as well as engage in digital leadership and strategic communications initiatives;
- *Project management*: to ensure effective performance and tangible results through project implementation in a timely and cost-effective manner.

[52] National Statistical Committee of the Kyrgyz Republic: KR Public and Municipal Service Review, 2019.

[53] http://ict.gov.kg/index.php?r=site%2Fproject&pid=69&cid=25.

The project will lay 600 km of fibre-optic communication cable (FOCL) to provide Internet access to at least 60 per cent of the population of Kyrgyzstan. It will also lay another 400 km of FOCL to provide fibre-optic links among the Central Asian countries and some countries in South Asia, including Afghanistan, Kyrgyzstan, Pakistan and Tajikistan. This digital network will enable the development of digital platforms for the implementation of a wide range of smart solutions, i.e. "Open Data" projects, digitalisation of data and the creation of portals to provide public services.

8.4 Conclusions

Since independence, the civil service of the Kyrgyz Republic has undergone a difficult path towards development. Through gradual administrative reform initiatives, the foundations of the public administration system have been laid, an important element of which is the civil service. The process of transformation may be divided into several stages. The first stage—covering the years 1991–2004—may be described as the time when the Government tried not to lose existing managerial personnel inherited from the Soviet era. With more or less success, actions were taken at retaining and developing the capacities of existing personnel, taking into account the new reality of sovereign and independent Kyrgyzstan. The second stage—which began in 2004 and lasted until 2010—may be characterised as a more meaningful period of civil service reform. A new law on civil service was adopted, as well as a law on municipal service. At the same time, the formation of a state body authorised for civil service coordination and management allowed for systematic work carried on developing the civil service. The third stage began in 2010 with the adoption of a new Constitution that clearly separated political influence from the professional activities performed by public employees. The fourth stage began, in 2016, with the adoption of the new law "On Public Civil Service and Municipal Service" aimed at achieving a qualitatively new level for the civil service of the country. It should be noted that the purpose of these on-going reforms is to increase the capacity of the state and municipal services, allowing them to work effectively for the benefit of the people and the state, through the provision of high-quality and affordable public services to citizens. The Civil and Municipal Service should be an effective tool to improve the socio-economic situation of the

country, as well as to improve the national welfare and development of the Kyrgyz Republic.

Current development realities of the Kyrgyz Republic public administration and civil service have demonstrated big demands for moving forward with reforms in congruence with new challenges. Additionally, the COVID-19 pandemic allowed issues to come to the surface that need to be dealt with in the short term. Kyrgyzstan, like the rest of the world, has faced unprecedented problems and challenges due to the COVID-19 pandemic. The crisis induced by the pandemic is a serious test not only for the economy, but also for the health and public administration systems of the country. The pandemic has exposed problems that have been accumulating in the public service, as well as certain weaknesses of the public service system. For instance, the inability of the existing system to adequately overcome the challenges faced, due to its ineffectiveness, or the inability of public servants to implement crisis management plans. This is an indication that public administration lacks systemic solutions and tools, which may be continually updated, so that public administration can contain a crisis of such magnitude as a pandemic.

The risks of the pandemic's effects on the economy and the governance system put public administration in a precarious position, but they also point towards crucial reform of the whole system of public administration. Efforts to digitalise the country, over the past two years, have to some extent reduced the negative impact of the pandemic. However, this is not sufficient to overcome existing challenges and risks that public administration faces. Kyrgyzstan should strive to improve the professionalism of its public service, based on meritocratic principles in all aspects of the human resource management function, in order to sustain the medium- and long-term development of the country. It should also update the key functions and organisation of its state bodies and increase their transparency and levels of cooperation with civil society. Thus, a lot of work remains to be done towards these directions. It is imperative to define new guidelines for reforming the public service and to strengthen further international cooperation in order to achieve the objectives of the SDGs in the post-crisis period.

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CHAPTER 9

Latvia: Designing Reforms, Understanding Change, and Anticipating Hope

Iveta Reinholde

9.1 General Overview of the Country

The Republic of Latvia (or Latvia) is located by the Baltic Sea in Northern Europe. Because of its location, Latvia is most often called a "Baltic" state together with its neighbours—Estonia in the North and Lithuania in the South.[1] Latvia was founded in 1918 as a sovereign, democratic, parliamentary, and unitary state. The 1990 Declaration of Independence restored constitutional continuity of the Republic of Latvia (1918–1940), ensuring that the main elements of statehood were transferred after the humiliating Soviet occupation (1940–1990). Partly because of the Soviet occupation, Latvia is sometimes wrongly labelled as an ex-Soviet Republic.

[1] Latvia's location in the Baltic Sea region ensured its inclusion in the Hanseatic City Alliance and access to the main trade routes for several centuries resulting to a strong Norther European and German influence on its politics, economics, and culture.

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Before that, Latvia's territory was mainly ruled by Sweden, Poland, or the Russian Empire. In the seventeenth century, the territory of Latvia was divided between Swedish, Polish-Lithuanian, and Russian rule. According to social memory, the Swedish rule in the seventeenth century is remembered as the bright Swedish times, since schools were established to ensure basic education for the lower social strata population. In the same century, a part of Latvia (Courland) formed the Duchy of Courland and Semigallia, famous for its economic development and its colonies, Gambia (in West Africa) and Tobago (in the Caribbean) (Jakovleva 2019).

In 1795, all the territory of Latvia was incorporated into the Russian Empire. While under Russian dominance, Latvia kept all its local laws (of German origin), its own parliament—the *Landtag*—and German as its official language (Jakovleva 2019).[2] This period of relative autonomous status (1795–1917) ensured the development of the tradition of democratic self-rule. Over the centuries, the Baltic Germans formed the upper class in Latvia, which influenced the political, social, and economic development of the country. Consequently, Latvian public administration is based on the *Rechtsstaat* doctrine where the state is constrained by the rule-of-law. Hence, Latvia's affiliation with the Roman-German law tradition has had an impact upon the dominant political and administrative values of the country.

Politically, after World War I Latvia used a window of opportunity to declare its statehood (Latvijas Satversmes sapulce 1922). Historically, independence during 1918–1940 was a result of the influence of the Latvian nationalist movement that had already emerged at the end of the nineteenth century—when Latvia was part of the Russian Empire, which, at the end of World War I—when the Russian Empire was on the losing side—expressed its demands and subsequently gained self-determination. The Constitution (Satversme) was approved in 1922, based on world leading constitutions such as of France, Switzerland, Germany, USA, and UK that were expressing a progressive vision of democracy of that period (Pleps 2012).

The total population of the country was 1.9 million in 2018, with an approximate density of 30 inhabitants per km^2 (Central Statistical Bureau 2018). Ethnically, approximately 60 per cent of the population are Latvians. Other ethnic groups are Russians, Belarusians, Poles,

[2] The German language and socio-political traditions were brought to the Latvian territory in the thirteenth century as a part of the crusader wars.

Ukrainians, and Lithuanians. The main official language is Latvian.[3] The dominant religion is Christianity split among the Lutheran, Roman Catholic, and Russian Orthodox Churches. Latvians have a heritage of paganism and Christianity, as between the thirteenth and nineteenth centuries the former peasant lower class were pagans but lived together with Christians (Runce 2019). Religion is also reflected in the history of Latvia, as from the thirteenth to the twentieth century, the territory of Latvia was a battlefield among Swedish, Polish-Lithuanian, and Russian rulers.

The total area of Latvia is 64,589 km^2, consisting of a mix of forests, agricultural land, and inland waters (One World Nations Online 2017). Geographically, Latvia is among those countries having the highest proportion of land covered by forests, which is typical of Scandinavia. The existence of forest covered areas means that agricultural farms are rather small with a tendency towards ecological farming.[4] The climate is humid and continental with rather rainy and short summers and snowy winters.

9.2 Political, Economic, and Social Context

As Latvia—like Lithuania and Estonia—has had a democratic tradition prior to Soviet occupation and communist rule, the reconstruction of public administration launched after 1990, although complex and contradictory, already had its vision set towards democratic governance. Many public administration agencies were designed to deliver functions that had been centralised during the Soviet occupation (e.g. foreign affairs, national security, and defence). The overall transformation process was very complex, since the triple transformation, i.e. political, economic, and administrative, required extensive policy coordination and coherent management efforts, since the process involved a gigantic restructuring in all spheres of public life with shifting political commitment and continuity of reforms. The Roman-German legal and administrative tradition—inherited by the Latvian administration and legislature—has had an

[3] The Latvian language belongs to the Indo-European languages family group together with Lithuanian and Prussian languages; of which the latter ceased to exist since the seventeenth century.

[4] According to the Environmental Performance Index, Latvia is ranked as number 37 in the world regarding environmental health and biodiversity (Yale University 2018).

impact on the dominant political values of the country. Hence, the separation of public and private spheres and the codification of legal rules and administrative action are an integral part of public life and the democratic functioning of the state.

Nowadays, Latvia has adopted the classical model of division of power between the legislative, judicial, and executive branches of government. The legislative power is represented by a single chamber parliament (*Saeima*) consisting of 100 members elected, by secret ballot, based on proportional representation for a four-year term. One-tenth of citizens have the right to initiate a national referendum to recall *Saeima*. However, *Saeima* is recalled if a majority of voters—at least two-thirds of them—who participated in the last parliamentary elections—agrees with such choice, as prescribed by the Constitution.[5] The Constitution does not foresee a possibility for an individual member of parliament to be recalled. Since Latvia is a parliamentary republic, the president can also propose the dissolution of *Saeima*, but a president's proposal must be confirmed through a national referendum to validate his proposal. If a majority of voters supports the president's proposal, the parliament is dissolved. If more than half of the votes are against the president's proposal, the president should resign, and the Parliament elects a new president.[6]

The president of the Republic is elected by Parliament for a four-year term, which can also remove him from office. The president performs mainly representative functions and has the right to initiate new laws. Besides, the president is the Commander-in-Chief of the Armed Forces of Latvia.

The executive power is represented by the government (the Cabinet of Ministers), led by the prime minister. The prime minister, upon an invitation received from the president, forms a government. Ministers can be invited from both the parliament and outside. The government is approved by *Saeima*, so a confidence vote is crucial. If the parliament expresses a "no confidence" vote to the prime minister, the whole government resigns. At the same time, the parliament also has the right to express a "no confidence" vote for individual ministers, where in this case, it leads to the removal of the minister. The prime minister, along

[5] However, this clause of the Constitution providing the right to recall *Saeima* has never been used after 1990.

[6] In 2011, the President proposed dissolution of the *Saeima* and succeeded, however this event has been the only such case after 1990.

with his cabinet, possesses the power to decide on policy formulation and implementation. Regulations of the Cabinet and policy planning documents (white papers, plans) are the main policy implementation tools for the government, and they constitute the majority of legislative acts in Latvia.

There are only two levels of government in Latvia—central and local. A division of powers also exists at the local level, between the elected local councils (local legislative power) and the administration of the municipalities (executive power of municipality). The functionality of the local government is based on the principles of the European Charter of Local Self-Government and on national laws.[7]

The public administration reform process in Latvia, since the early 1990s, is divided into two interdependent parts: the public administrative reform part assuming reforms at the central level and the administrative-territorial reform covering local government (municipalities). Reform planning was executed by two different ministries, resulting in a rather poor coordination and diverse reform speed. Furthermore, the decentralisation process that took place right after 1990, dramatically increased the number of stakeholders involved in public administration reform.

In 2009, Latvia finally completed the administrative-territorial reform part by amalgamating all previous 556 local municipalities into 119. The first debate on the size of municipalities had already started back in 1995, while the reform itself started in 1998 with voluntary mergers. However, the territorial reform was heavily affected by such factors as resistance of municipalities, changing political commitment, and a complicated negotiation process between the central government and local municipalities. During the reform process, municipalities also rejected the idea of introducing civil service status for municipal administrative staff opting for the general labour employment status instead (Jansone et al. 2002).[8]

Latvia's policy implementation system is based on a rather strict separation between policy design and policy delivery. Usually, policy design and development are the main tasks of ministries, while implementation and delivery are the responsibility of subordinate public agencies and municipalities. Each ministry is responsible for its own field of policy

[7] The European Charter was adopted by the *Saeima* on 22 February 1996, when Latvia accepted 29 of the 30 clauses of the European Charter.

[8] In 2019, the government started the next round of amalgamation of local municipalities aiming to decrease the number of municipalities three times.

issues and its subordinated agencies with a countrywide administrative jurisdiction (e.g. in social insurance, taxes, or unemployment issues). At the same time, municipalities provide basic services such as local development, spatial planning, education, social care, public transport, and construction.

Administrative transformation after 1990 was not simply a reinstitution of administrative traditions of pre-occupation Latvia (1918–1940), but it also included modernisation initiatives. In line with global trends, Latvia was inspired by the New Public Management (NPM) doctrine and it adapted many NPM-based ideas of Anglo-Saxon tradition like agencies, performance contracts, and quality management (Reinholde 2006). This explains the Latvian tendency towards a liberal welfare state model and an open public sector allowing everyone who has the required skills and experience to apply for a job in the public sector. Implementation of a mix of administrative models (Weberian and NPM) in the 1990s determined the conditions towards a flexible civil service after the Millennium (Reinholde and Koht 2015). In a way, since Latvia possesses a societal memory of democratic governance from its pre-World War II statehood, it has had the start capital to build the new and modern Latvia. The existence of pre-World War II legal framework—like the *Satversme* (civil law)—was crucial in developing a platform for political and policy continuity.

Latvia has also undertaken massive economic reforms, shifting from a centralised command economy to a market economy. In the beginning of the 1990s, Latvia faced privatisation, booming inflation rates, and the introduction of its own currency—the *lats*. By the mid-1990s, Latvia was already harvesting the first fruits of this complex transformation, as its GDP started to increase, thus bringing more and more wealth to its population. In its 1998 Progress Report, the European Commission pointed out that Latvia has made considerable progress towards the establishment of a market economy as a result of accelerating direct foreign investment, strengthening the banking sector, and developing its industries.

The results of such complex reforms, economic development trends, and efforts to democratise society are generally reflected in the country's human development index scores. The HDI score has steadily been increasing since the 1990s reflecting the country's economic growth and development of democratic governance. Latvia is nowadays among the countries with a high human development index score (Fig. 9.1).

Regarding government effectiveness, the scores have not also been increasing steadily, mainly due to internal economic challenges. The ups

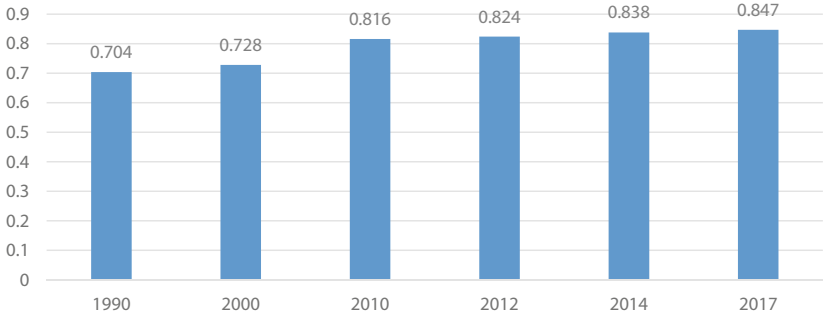


Fig. 9.1 Human Development Index (HDI) (*Source* UNDP Human Development Report 2018)

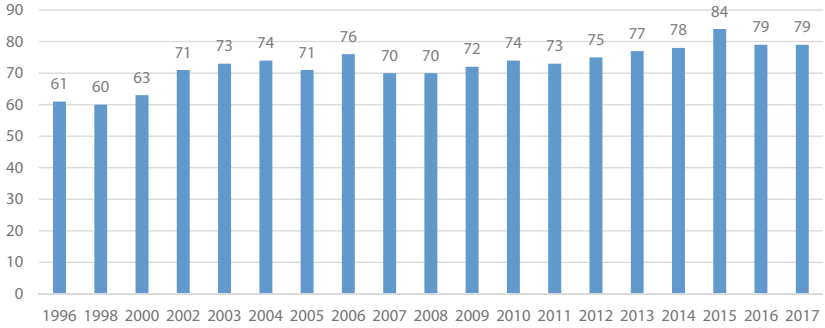


Fig. 9.2 World Bank government effectiveness index (*Source* World Bank 2018)

and downs in the economic front are reflected in these scores. The first decrease of the index score is related to the fast economic growth of 2006–2007 followed by the sharp economic downturn of 2008. The next decrease of the index score—although minimal—is observed in 2016 and it is also related to internal economic issues. However, the general trend is clear—Latvia is improving its governance effectiveness substantially, considering the complexity of reforms, transformation to a market economy and the change of the political regime the country has been confronted with during the past thirty years (Fig. 9.2).

Latvia ranks 19th among 190 economies in the ease of doing business index, according to the latest World Bank ratings, estimated annually.

This rating reflects another area of success where governmental commitment to ease the bureaucratic burdens of doing business was pursued in order to create a conducive environment for entrepreneurship. The general tendency is clear—Latvia is simplifying administrative procedures and making business environment friendlier. However, the decrease of the index after 2016 reflects internal problems related with delays in receiving EU structural funding causing internal crunches in the construction sector where some regulations were tightened to limit the shadow economy (Fig. 9.3).

Conversely, the Economic Complexity Index (ECI) perfectly explains the long path Latvia has treaded since 1990. The country made its first steps towards a market economy with an idealistic vision of markets and competition. The increasing score of economic complexity highlights a substantial improvement in products offered for export and accumulation of knowledge of producers over the past 30 years. Effectively, the Latvian economy gets more sophisticated over time (Fig. 9.4).

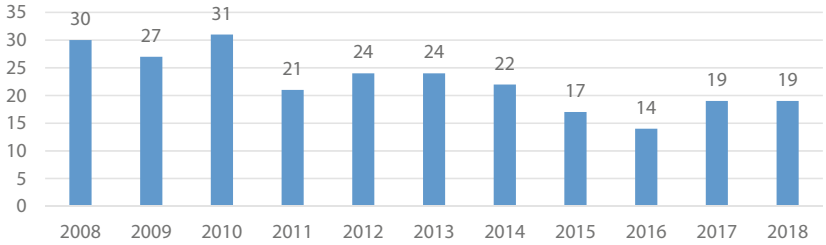


Fig. 9.3 Ease of doing business in Latvia (*Source* World Bank 2018)

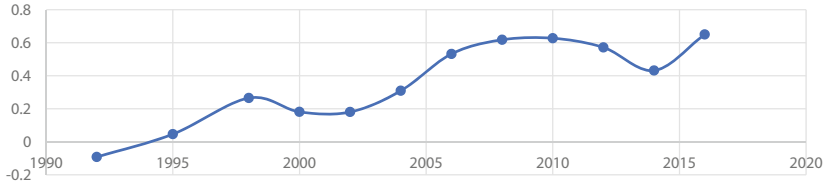


Fig. 9.4 The Economic Complexity Index (ECI) (*Source* The Observatory of Economic Complexity 2018)

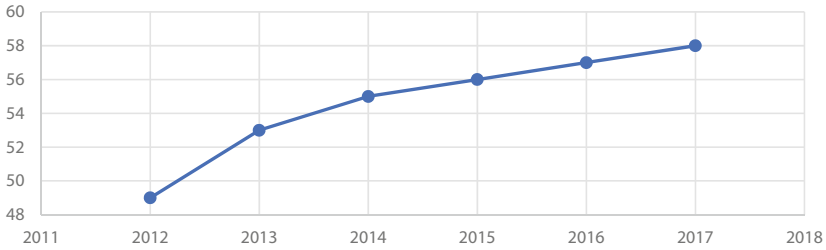


Fig. 9.5 Corruption Perception Index (*Source* Transparency International 2018)

A similar trend is demonstrated through the corruption perception index scores over the past ten years. It seems society is getting more and more free from corruption. However, there is still a long journey ahead in corruption prevention but considering Latvia's past, the achieved results are rather promising (Fig. 9.5).

In sum, Latvia's scores on International indices demonstrate that the country had the capacity to go through a painful transformation process successfully. For example, the data on the proportion of general government expenditures devoted to social protection and special welfare programmes constitute one-third of general government expenditures, an indication that Latvia is strengthening the welfare of its society. At the same time, however, this does not seem to be the case for health care and education related government expenditures, which are still low. They are at the level they were before the economic meltdown in 2008, when successive governments started implementing austerity measures (Fig. 9.6).

9.3 Public Administration Profile

Since the late 1990s, several government white papers express the strategic vision towards a "*small in numbers and professional*" public administration, thus balancing the EU pressure for reforms and internal political commitment for less bureaucracy (Reform Paper 1998). However, in reality, the data on the size of public administration employment, in 2016, reflect a slightly different picture (Table 9.1).

According to the Latvian Law on Public Administration, the core public administration consists of personnel employed in ministries and

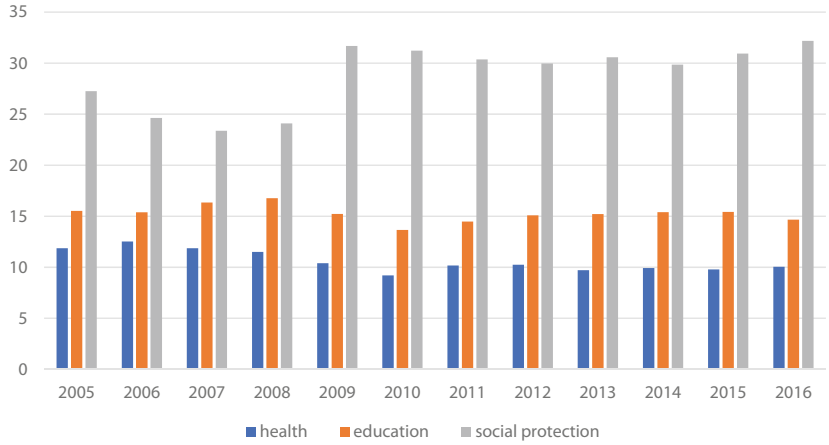


Fig. 9.6 General government expenditures by function and by sector (per cent) (*Source* Central Statistical Bureau, Latvia 2017)

Table 9.1 Public Administration employment breakdown

Total population	1,958,800
Total number of employed persons	894,288
Employment in public sector	286,137
General government employment	223,298
Employment in institutions financed from the state budget (including ministries and their subordinated agencies, but excluding municipalities)	*59,968*
Employment in local government (municipalities)	*115,439*
Employment in state and municipal owned companies	*47,891*
Employment in national ministries (i.e. central level)	3,347
Number of civil servants (ministries and subordinated agencies)	11,688

Source Ministry of Finance (2017a), OECD (2017), Central Statistical Bureau Latvia (2017), Brikmane and Dambe (2017)

their subordinated institutions or the so "called state budget institutions". Thus, the core public administration employs 59,968 people or 3 per cent of the total population, which is below the average in the EU (Brikmane and Dambe 2017). Employment by different public functions mirrors the structure of public life. For example, public employment in

health care[9] is around 2,580 and in social care 3,061 (in 2017).[10] At the same time, there were 12,714 persons employed in positions with special service grades. These are persons mainly employed in the semi-militarised structures like the Police, the Prison Administration, and the Border Guard. However, the special service grades are some kind of a leftover from the previous regime and these institutions are being slowly converted by gradually adopting more modern institutional settings.

Despite the fact that only around three per cent of the country's population are employed in state budget financed institutions, successive governments still advocate the approach towards a "*small and professional public administration*", as their main reform slogan since the late 1990s. However, if around the Millennium the slogan was really tailored to decrease the numbers of public employment, nowadays it is more tailored to eliminating support functions performed by humans and substituting them with digitalisation.[11] Data reflects that in 2017 there were around 18,000 individuals performing support functions like accounting, IT, project management, and document management, who nowadays constitute the main target group of jobs for digitalisation.

On another note, the Latvian public administration adheres to the principle of gender equality. Thus, 63.7 per cent of public service employees are women. Furthermore, 54 per cent of all senior positions are filled by women. These gender-related percentages are far better than the average in the OECD Member States (OECD 2017). Regarding education, almost all positions in central public administration and in municipalities are filled by individuals possessing a higher education degree—at least a BA degree and/or higher. Possessing a higher education degree has been a requirement for recruitment in civil service positions, since 2000, prescribed in the Civil Service Law. However, in practice, this rule has been common for public administration and municipal levels recruitment. Thus, only some technical positions are filled by

[9] According to the "Medical Treatment Law", data includes number of certified persons employed in public hospitals and included in the government register of medical practitioners; not all staff employed in the hospitals.

[10] Ministry of Finance (2016), OECD (2017), Central Statistical Bureau Latvia (2017), Brikmane and Dambe (2017).

[11] According to the OECD, by 2016, 31 percent of Latvia's individuals used websites and digital services to communicate with the administration, a percentage that is rather close to the average in OECD countries—35.6 percent (OECD 2017).

persons with an education level lower than a BA degree. This tendency towards recruitment of individuals with a university education is strongly supported by the government institutions themselves, which offer education and training leave for their staff and partially cover university tuition fees as a part of a bonus package for their employees.

The average age of employees in public administration is increasing, congruent with the general trend in Latvia—becoming an aging society. In 1996, the average age of public employees was 39 years, by 1999 it had increased to 41 years (Kalnins 1999). By 2015, approximately 40 per cent of all employees in public administration were between 30 and 39 years, and about 20 per cent between 40 and 49 (BISS 2015: 64).

9.4 Reform Initiatives

The public administration reform initiatives undertaken in Latvia are related to, and articulated by, several policy planning papers (white papers). These planning documents lay out a vision for a period of 5–7 years and they constitute the basis for drawing up implementation plans for shorter periods of time, e.g. 1–3 years. This planning logic ensures sustainability of reform ideas despite changes in government and political uncertainties, as well as it warrants the commitment of bureaucrats themselves. However, the Latvian approach to composing these white papers—on a periodic basis—has been criticised as being over-bureaucratic, although from a management perspective, white papers serve as both a medium of political consensus reached and of political communication. Although the first reform documents drafted in the 1990s mainly as a reaction to the requirements by international donors, the planning-driven logic was fully introduced just after the Millennium in order to have a structured approach in place for coping with the requirements of the *acquis communautaire*.[12]

"The Public Administration Reform Paper", approved by the Government on 28 March 1995—the Reform Paper from thereon—was the first strategic and visionary document expressing a common political will for fundamental public administration reforms in Latvia. The Reform Paper

[12] The *Acquis Communautaire* or shortly called *acquis* is a set EU law consisting of legal acts and court decisions that candidate member states need to adopt as a step towards joining the European Union.

was based on several principles of good governance such as legality, transparency, respect to person, efficiency and effectiveness, discretion, responsibility, and rationality. At the same time, the Reform Paper supported the development of a career-based civil service, in line with the "Law on Civil Service" approved on 21 April 1994. Thus, the Reform Paper was some sort of an implementation plan for the career-civil service, as well as of a set of actions, which were part of a wider public administration system reform.

Substantively, the Reform Paper was organised around five potential and strategic directions of reforms to be implemented as interdependent actions, the following: (i) relations between society and the government; (ii) structure of public administration; (iii) functions of public administration; (iv) basic administrative principles; and (v) administrative and policy tools. It was expected that actions within the framework of these strategic directions would have a crucial impact on public administration in general, and they would ensure a "no point of return" for further activities in the context of the regime transformation, already underway.

According to the Reform Paper, strengthening civil society and NGOs, as well as inducing openness of public administration would be the main actions deployed to change the relations between the government and the citizens, in which both sides should be treated as equal partners. The government also requested all public bodies to ensure participation of NGOs in decision-making procedures and to contract out non-public tasks to the private sector.

The Reform Paper of 1995 was the first strategic and visionary document expressing a common will for fundamental public administration reforms. This document was relevant as it located public administration in the context of political and economic transformations. The political role of the Reform Paper was directly linked to Latvia's membership to the EU, since it was approved several months before the EU Association Agreement was signed. However, from the implementation perspective, the Reform Paper was progressive and underdeveloped at once. It did not include any particular implementation plan and it assumed that once the vision is expressed, public administration institutions will be committed to perform the envisioned changes. However, missing an implementation plan with no delineation of clear roles and responsibilities ignored the self-interest of bureaucratic organisations and enthusiastically assumed that all public agencies would shortly change their behaviour by adapting attitudes congruent with the notion of public benefits and values. Mixing up

the roles of public administration, as a subject of reforms and at the same time as a driver for change—were an illusion as it was expected to implement grand reforms within a short period of time. Later on, it was found out that interests of ministries are diverse, and they primarily tended to secure higher budgetary allocations for their field of responsibility by coming up with "budget-driven" innovations like creating staff positions never or rarely filled up in order to have spare budgetary resources at their disposal.

At the same time, the Reform Paper pushed forward with passing all necessary laws to make regime transformation irreversible (Reinholde 2005). In this context, therefore, Latvia went through two relevant stages. The first stage, 1990–1995 was driven by an internal need to provide inclusive reform guidelines and a vision regarding the role of public administration in the context of the changing political regime—from totalitarian to a democratic one (Reinholde 2005). The second stage kept the momentum of internal needs, but it was driven by external pressure to assume the obligations stemming from membership in the EU and NATO. However, by 1995, it was observed that an internal need for large-scale reforms did not match the capacity available to treat public administration reform as a separate policy field. Nevertheless, signing the Association Agreement served as a starting point for many actions turning foreign policy issues into a stimulus for internal development and modernisation by 2004.[13]

The next reform-related policy document was approved in March 1998, only three years later than the first one. This White Paper was rather limited in ideas, and it mostly provided continuity on the issues dealt with in the previous one. The Reform Paper of 1998 was approved as a document reflecting problems of the on-going public administration reform process and articulating the anticipated path to EU membership. It also put a strong emphasis on a "*small and professional civil service*" reacting to criticism expressed in the European Commission Regular Report (Regular Report 1998). This Reform Paper was accompanied with an implementation plan delineating a list of urgent actions to be completed by 2000.

[13] Hesse (1993: 219) argues that Central and Eastern European countries, by rebuilding their public administration, have reached the point where administrative transformation is continued by administrative modernisation.

From the planning perspective, the Reform Paper of 1998 was an operational plan that put together the country's own needs and the conditionality requests set out in the Structural Adjustment Loan Agreement with the World Bank. The actions included were concerned with internal audits, user standards, public agencies, and contracting out public services as part of the Latvian Administration's next reform steps. The document was prepared by the Bureau of Public Administration Reform, established in 1997, as the key administrative body for reform management. However, the life cycle of the Bureau, as well as the life cycle of the Reform Paper was short, because in 2000, the Bureau was restructured as a secretariat under a minister with no portfolio and a year later (2001) was incorporated into the State Chancellery.

NPM inspired changes reached Latvia in the mid-1990s introducing performance contracts, public agencies, and new types of management techniques as unique modernisation tools to fill the reform agenda. In fact, the Reform Paper of 1998 was actually a good example of NPM inspired initiatives. However, it was later found out that imported NPM ideas did not fit well in the Latvian administrative reality. In fact, performance contracts and their confidentiality status resulted in a number of public scandals (Reinholde 2005). Latvian public agencies—originally designed very close to those in the UK—had gone through several stages in their organisational life. The agencies were already operating while the respective laws were designed. As a result, the agencies were forced to adjust to administrative reality when such laws were implemented.

In fact, despite the quick approval of the White Papers, the signs of implementation failure were already present by the mid-1990s. The ministry responsible for public administration reform was disbanded in July 1995—after two years of operation—conveying a strong political message that the year 1995 was a deadline for reforms (Gailis 1997). Such immature political messages highlighted the fragmented perception of the complexity of the reforms and the lack of experience for reform management. As a result, expectations raised by the Reform Paper of 1995 for an impetus and self-discipline were not achieved. It took politicians about 10 years to understand the strategic mistake made by the disbandment of the ministry for public administration reform. It was not until 2004, just before accession to the EU, when politicians pondered whether Latvia is capable to adhere to member states' requirements and whether it could manage to adapt all the *Acquis Communautaire* provisions. This situation was acknowledged in an EU Monitoring Report, which pointed out that

"*preparing its administrative capacity for the membership remains one of the greatest challenges Latvia will face*" (Monitoring Report 2003: 9–12).

The pre-accession reform strategy was reflected in the Strategy 2001–2006—the Strategy of 2001 thereon. This Strategy continued to elaborate reform ideas of the two previous white papers and at the same time, it incorporated recommendations expressed by a number of experts from the World Bank, the EU, and the IMF (Reinholde 2005). It is also worth noting that the Strategy of 2001 is the first document that was taking the concept of *public value* into account. In sum, the Strategy intended to provide a reform roadmap based on such values as quality, trust, participation, accessibility, and effectiveness (Strategy 2001).

Furthermore, the Strategy of 2001—by mapping all interrelated strategies and documents—made clear the fragmentation of policy design for public administration to the policymakers, who admitted as much. In this context, the Strategy of 2001 also recognised the sad truth on failures of the administrative-territorial reform. Since both reforms—public administration and administrative-territorial reforms were implemented separately, the number of stakeholders, by the Millennium, was already high enough to jeopardise any reform initiatives tailored for staff or organisational cuts, as well as for any radical sectoral restructuring.

Objectively, by 2000, Latvia was still struggling to comprehend whether it wants to be a welfare state or a minimalist one, with respect to social welfare programmes. It was also trying to figure out how to cope with decentralisation and the establishment of regional-level governance structures (Reinholde 2015). At the same time, strategic planning, linking policy design and budget planning, as well as the creation of a performance culture were also key issues to work on. However, in reality, although the Strategy of 2001 had an impressive implementation plan, the actual changes that took place were only the design of the necessary legal framework for public administration institution building, introduction of inclusive training programmes, and the design of public administration information systems (Strategy 2001).

The next PAR-related strategy document was approved in the summer of 2008—the White Paper 2008–2013 "Better governance: quality and effectiveness"—the White Paper of 2008 thereon. This Paper was also prepared following the rule that white papers in Latvia are prepared for a certain time period, as prescribed by the Law on Development Planning Systems (approved in 2008). At the end of the period a new document is prepared elaborating new goals and tasks. Hence, the White Paper of

2008 was developed as a modernisation strategy where better regulation and a standard costing model were some of its key elements. It defined five potential modernisation directions: (i) policy planning and financial management; (ii) quality of administration; (iii) legality of administration; (iv) human resource development; and (v) public participation; all based on an ideal vision of the public administration model in place with a five-year time perspective (White Paper 2008: 10).

However, the ensuing economic crisis affected the planned reforms and forced the government to cut budgetary expenditures and public services, thus many of the ideas expressed in this Paper were left unimplemented. The economic downturn of 2008 completely changed the reform agenda in Latvia. The modernisation issues of public administration, where ideas of NPM played a relevant role, were put aside by shifting to a political discourse and a reform agenda, in which budgetary and public service cuts were seen as almost unique instruments to balance expenditures. In other words, as Latvia was severely hit by the economic crisis and thus experiencing an economic downturn, it was confronted with a situation that rapidly changed all previous approaches to public administration reform leading to establishing an austerity regime.

Facing a high unemployment rate of 17.3 per cent[14] and a rapidly falling GDP (at −14.4 per cent in 2008),[15] the Latvian Government adopted the so-called "Optimisation Plan", as a conditionality contained in the rescue agreement with international financial organisations. In general, the Optimisation Plan contained both elements of a strategic vision and short-term activities. In light of austerity, the core idea of having small in numbers and highly professional public administration resulted in staff and salary cuts, functional audits, and institutional restructuring (Optimisation Plan 2009). However, the government was not able to capitalise on the momentum induced by the economic crisis to push through the idea of a unified public service, covering both the national and local levels of government.

At the end of 2014, the Government approved another White Paper, the "White Paper 2014–2020" following the same planning logic as before. The priorities of this document covered a rather wide spectrum of actions like public service quality, quality management in public

[14] Ministry of Welfare (2010).

[15] World Bank (2019).

administration, human resource development, and innovation in public administration. This new White paper was intended to improve the implementation gaps created by the economic crisis. Its main reform directions were public service delivery and institutional development, human resource development, financial management, public participation, and local governance based on Wallace's approach.[16] Furthermore, this White Paper provided a detailed description and planning of outputs and outcomes of reform activities serving as best practice for all other policy sectors; and which would also provide a solid basis for the performance management system to be put into place. However, the document was designed ignoring the existing organisational networks. In this context, the simplification idea was resisted by public administration employees, who could still remember very clearly the austerity regime that induced budgetary cuts resulting to working a reduced 4-day week in some government agencies.

This White Paper also became obsolete soon after it was published, as a new reform document was designed and prepared. The "Reform Plan 2020", approved in 2017, is the most recent White Paper for public administration reform. In general, this White Paper is different by its layout and style.[17] The White Papers of the 1990s were more like a wish or shopping list, while the White Papers of the first decade of the Millennium were impressive in size and the details they included, e.g. detailed actions accompanied by performance indicators to measure their progress. However, this Paper also suffers from the use of some well-known slogans like "over-bureaucratisation" and "change of philosophy in public administration". For instance, communication with society and NGO is still on the agenda, where they have been since 1995. Another "old topic" is remuneration as the White Paper recognised that low remuneration is a key issue for losing human resources possessing strategic competences and expertise, as the outflow of staff is regular, and it negatively affects public service delivery (State Chancellery 2017).

The "Reform Plan 2020" foresees public administration reforms tailored to improve civil service and public administration processes to achieve efficiency, effectiveness, and economy. The ultimate goal of this

[16] The White Paper 2014–2020 follows the ideas of Wallace et al. (2013), who divide all reforms in four stages—rethinking, reforming, restructuring, and retrenching.

[17] The "Reform Plan 2020" is rather compact as it is designed in a similar style as the White Papers in the UK.

White Paper is to provide the momentum for introducing further efficiency measures. Therefore, it repeatedly emphasises the issues contained in the previous reform plans. Namely that public administration is lagging behind general development trends, it is resource consuming, over-bureaucratic, and performing weakly (State Chancellery 2017).

In order to address such issues, this White Paper proposes a set of actions: (i) improvement of performance appraisal systems; (ii) reduction in the number of personnel in public administration; (iii) review of remuneration policy; (iv) centralisation of public functions; and (v) a review of budgetary policies at the ministry level. Along these rather "old" and recurring tasks, there are also some new ones. For example, the "Reform Plan 2020" expresses a vision towards the development of strategic communication, the establishment of task forces in the ministries and the enhancement of public personnel competencies. It also emphasises value for money in the delivery of public services, underlining that public service design approaches play a vital role.

Another point of interest is the introduction of key performance indicators set for measuring the success of the reforms. However, the authors of this White Paper did not formulate any new performance indicators but instead they decided to utilise international indices like the World Bank government effectiveness index and the Sustainable Governance Indicator as measures for progress. For example, the target value for government effectiveness is set at 88, while the target value for executive capacity is set at 7.3 in the Sustainable Governance Indicator (State Chancellery 2017). Similarly, the target value for employment in public administration is set just below the average for the EU as a whole. In addition to these targets, the document also presents some others related to public satisfaction with the quality of public service delivery like the number of simplified and easy-to-access services and improved public perception on fair operation of public administration.

Summing up, all White Papers for public administration reform in Latvia use several public administration reform-related buzzwords. For instance, prior to becoming an EU Member State, Latvia broadly discussed "structural adjustments" that were necessary to establish a democratic state and ensure the country's membership in the EU; a term that was introduced by international development agencies (Palidauskaite et al. 2010: 45). After 2004, once the country was accepted as a full member of the EU, these planning documents changed their tone using

the term "modernisation", as a way to describe reforms and improvements in public administration more appropriately (White Paper 2008). However, due to the economic downturn of 2008 and the pressure exerted by the World Bank and the IMF, the term "structural reforms" was the latest one to appear (Memorandum 2009).

Another tendency of all White Papers was to highlight that each paper is designed as an "easy to understand" document and for seamless implementation. Practically, these documents were impressive in their scope and their technocratic approach, containing modern theories of public administration development and their role in the EU mixed with NPM ideas and some tactical actions. They were also impressive in size, e.g. number of pages and the amount of information they contained.

Overall, the planning approach adopted through the White Papers, although it can be justified as a policy planning necessity tied together with financial planning, it also increased the administrative burden for government institutions as Ministries are forced to design numerous white papers as their core planning documents to express their planning vision and certain policy choices developed together with members of the community.

9.5 Civil Service Reform

In November 1993, the Government decided to establish the Reform Ministry—a specially designated ministry for the management of public administration reform. The main task of the Ministry was to design a public administration reform strategy that included the separation of politics and administration, the delineation of the legal basis for civil service, decentralisation, and combatting corruption. The political intention was to ensure that the Ministry coordinated the reforms at the national, as well as the local level (Gailis 1997: 104–110). At first, the Ministry decreased the number of public administration institutions at the national level. Then, the Latvian School of Public Administration and the State Civil Service Administration were established under the supervision of the Ministry. However, in 1995 the Ministry was abolished, as it was assumed—by the politicians—that the main part of the reforms had been implemented. As a result, reform coordination and management functions were dispersed among many ministries and government organisations. Public administration reform was coordinated by the Department of State Reform in the State Chancellery (1996); the Ministry of Welfare (1997);

the Public Administration Bureau under the prime minister (1997–1999); and the Ministry of Special Assignments for Public Administration and Local Reform (1999–2002). Since 2002, the State Chancellery is responsible for all reform initiatives and modernisation (Danovskis and Reinholde 2018: 460–461).[18]

The State Civil Service Administration was specially created, in 1993, to manage the development of civil service in Latvia. It was originally supervised by the prime minister and it was intended to develop unified human resource management principles for public administration and to oversee and coordinate the implementation of the civil service law. The State Civil Service Administration was created as a government body having the power to influence human resources management and remuneration policies of the line ministries. In the beginning, the Civil Service Administration designed the general framework of civil service and it elaborated schemes for the recruitment and selection of civil servants and civil servant candidates. It also developed a database to keep track of the career path of civil servants, and it considered appeals and disciplinary cases.

The State Civil Service Administration was perceived as having a dual role. For the vast majority of civil servants, it was a sort of an oversight organisation, while for those civil servants, whose rights the Administration protected from political interference, the Administration was a "watchdog". Conversely, it was perceived as interfering with ministerial internal affairs and controlling the line ministries excessively. However, in 2008, the State Civil Service Administration was abolished as it did not possess strong political support, and its functions were incorporated into the State Chancellery and the Ministry of Finance (Danovskis and Reinholde 2018: 460–461). The declining path of the Civil Service Administration started, in 2002, once the State Chancellery assumed the role of being the main managing body for public administration. Formally and publicly, the Civil Service Administration was blamed for the failure of the introduction of a Weberian civil service model, as well as for the budgetary cuts in light of the austerity regime imposed; both fictitious reasons for its abolishment.

[18] This was the result of a recommendation of an EU Monitoring Report, which noted that concentration of civil service management in the centre of government is an issue to be considered (Monitoring Report 2003: 11). Thus, in 2008, the State Civil Service Administration was integrated into the State Chancellery.

Latvia passed the first law on civil service in 1994, which was eventually replaced with a new one in 2000. The Law on Civil Service of 1994 was designed in the period of complex reforms with aspirations for quick results. It was seen as an instrument to achieve substantial changes in the relations between the state and society and to be a tool for creating a civil service as the main policy implementer. In fact, successful implementation of the law would ensure the major steps in reforms were taken, as they were, thus putting the Reform Paper of 1995 in force. Furthermore, the civil service reform was a core element in converting the Latvian public administration culture into one that would be characterised by political neutrality, accountability, and professionalism. The Law of 2000 was adopted expecting to overcome all implementation gaps related to the previous one; namely a complicated scheme of qualification categories, entry examinations, outflow of staff, and remuneration failures.[19] These laws were diverse in their approach to civil service. If the law of 1994 was designed to establish a classical career-based civil service following the Weberian tradition and the Latvian civil service experience before World War II, then the law of 2000 was tailored to establish a—UK-inspired—position-based system mixed with some minor elements of a career-based civil service system. (Palidauskaite et al. 2010).

Consequently, the regulation of civil service has gone through two relevant stages. From 1994 to 2000, the civil service was regulated by the Law on Civil Service of 1994. Detailed secondary regulations were designed to regulate civil service inspired by the Weberian bureaucracy model (Law on Civil Service 1994). While from 2000, there is an opposite tendency—to minimise regulation and apply the same principles as for contract-based employment (Civil Service Law 2000). This resulted in the division of the Latvian public sector into two broad categories with respect to employment status: civil servants and employees with contracts based on labour law.

The Law on Civil Service of 1994 also divided all civil servants into two groups—existing and candidate civil servants. Assuming that written examinations would be a filter for professionalism, all employees at the central level went through an examination procedure—between 1994

[19] It is worth noting that the civil service law never applied to public servants at the local level, effectively leaving a substantially large number of public employees outside of the civil service system, who also worked for the public interest.

and 1996—in order to qualify as candidates.[20] The rationale for having "candidates" was based on several assumptions. First, the status of "candidate" steered public personnel to undertake training, as many of them lacked the skills and knowledge to operate in a working environment of a democratic state. In a way, training acted as a soft socialisation tool for public servants to acquire European administrative values. The training also included such topics as modern management techniques, market economics, ethics, and administrative law. By undergoing training, public administrators were prepared to cope with the *Acquis Communautaire* and other obligations stemming from the EU member state status; as well as building a public service ethos appropriate for Latvia in the EU. And second, candidate status served as a buffer to loyalty of potential public servants to the new state and administration.

Furthermore, the Law of 1994 was generous regarding social guarantees and benefits for civil servants. Civil servants and candidates were entitled to such benefits as accommodation allowance, bonus for foreign language skills, bonus for mobility, tuition fees reimbursement, and more. However, due to budgetary limitations, many of the social guarantees provided by the Law, were never implemented. However, although the Latvian economy grew, the civil service remuneration was lagging behind, thus public administration institutions were pushing for "functional creativity". "Functional creativity" was a general trend utilised by public administration institutions to request for more vacancies due to new functions and tasks assumed, while keeping these extra vacancies permanently vacant and thus having extra budgetary resources at their disposal. The organisational logic here was related to the fact that salary funding is directly linked with the number of declared positions allocated for an organisation. If an organisation was capable of getting extra staff positions approved through the budgetary process and later keep them vacant, it ensured additional funds for salaries, which could be distributed to the existing staff in the form of bonuses, extra payments, or even management contracts.

However, since the civil service status was the restricting factor for the "functional creativity", government institutions did prefer to stay with the Labour law as it offered more flexibility in comparison to the Civil Service

[20] However, in order to advance from candidate to full civil servant, another round of examinations was required, as—due to many reasons—the by-laws on examinations of civil servants were only elaborated in 1999.

Law. For instance, the number of civil servants dropped in 2006, when some institutions like the State Police, the Security Police, the Border Guard, the Rescue Service, and the Prison Administration were excluded from the civil service after an amendment in the Law. The reason for this decision was related to a sectoral-driven logic, as all these institutions represented internal affairs and para-military units. Overall, there are no great differences between civil servants and public employees regarding their social guarantees, thus institutional motivation in the civil service seems to be deteriorating.

Finally, the Law of 1994 was problematic with respect to qualification schemes as it prescribed 12 qualification categories and 15 different grades of service, depending on the length of service. The qualification categories and grades were assumed as key aspects in setting the salary grid. However, this provision was actually the culprit that finally destroyed the original intention of having a solid Weberian type civil service. In 1998, the EU expressed its opinion in its "Accession for partnership" report, pointing out that Latvia was expected to proceed with a structural reform of public administration in the short term, while in the medium term, Latvia was tasked to fight corruption and strengthen the budgetary process (European Commission 1998).

For the management of civil service, the Law of 1994 created an institutional system consisting of the Civil Service Administration and the Latvian School of Public Administration. These two organisations played a vital role during the 1990s to change the political and societal view of civil servants, as well as to implement international projects to ensure that the Latvian civil service developed as its counterparts in Western Europe. Moreover, implementation gaps related to budgetary constraints and the organisational behaviour of public administration institutions tending to evade civil service constraints were reflected in the next progress report. In 1999, the European Commission pointed out that the civil service was not sufficiently protected, and too little progress had been made in the realm of public administration reform (Regular Report 1999). Finally, in the Progress Report of 2001, a positive evaluation approving the new law on civil service was provided and it was included as a conditionality in the Accession Partnership of 1999 (Progress Report 2001).

Conversely, the Law of 2000 was pushing Latvia towards a position-based civil service. The data on the number of civil servants highlights that by 2000 the total number of civil servants was very low (6,185 individuals), while employment in public administration was around 65,000.

The tendency "to escape from civil service" was more monetary-driven. Also, the civil service system was rigid in its approach to examinations and qualification grades that substantially limited career paths of, and salary increases for, civil servants. These were also the main arguments in the criticism received from the international organisations assessing Latvian public administration along with a recommendation to change the civil service system. Dutil (2014) argued that if civil servants are to be rewarded for good policy implementation, then they would stick either to previous policies or invest their energy for new and innovative ones depending on the evaluation they receive. This explains why Latvia, as a country in the reform process, tended to stick to recommendations of the international donors, e.g. from the EU, or the World Bank, and it was committed to design the new laws reacting to criticism resulting to substantially changing the civil service system.

The civil service law has never been implemented at the local level, although from time to time political and public debates occur on the civil service of local municipalities. According to the law, civil service positions are related to the development of policies, control of public expenditures, safeguarding public powers, and issuing administrative acts. In fact, these positions are mainly located in the ministries, while employment in inspectorates, universities, hospitals, and the central bank are contract-based (Civil Service Law 2000). Consequently, the new law created two types of civil service—the general civil service and the specialised civil service that includes the diplomatic service and the tax administration. Both—general and specialised civil service—have the same employment status, but the working conditions may differ due to the substance of their functions (Fig. 9.7).

There are some functions that only civil servants can perform, for example, to design policy and sectoral strategies, to control financial resources, and to design legal acts. From time to time, debates occurred on the introduction of the public service to cover both the national, as well as the local levels of governance. The Draft Law of Public Service was designed in 2014 in order to adhere to unified recruitment, remuneration and social guarantees principles for public administration employees. However, the draft law was slowed down by never-ending debates in the parliament. Meanwhile, fragmentation of public administration continues to date with different payment schemes for police, education, and healthcare sectors and general public administration employees, effectively contributing to the deterioration of the idea for a unified civil service.

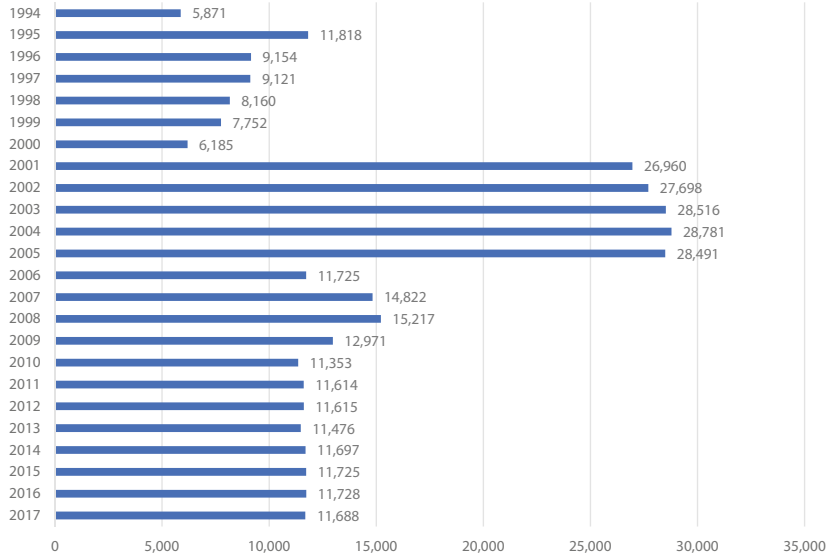


Fig. 9.7 Number of civil servants in Latvia (1994–2017) (*Source* Jansone and Reinholde 2001; Brikmane and Dambe 2017; Ministry of Finance 2017b)

Concluding, the Latvian civil service is nowadays an open position-based system, while retaining a few elements of the career-based system. Thus, civil service employment status is still the standard employment modality for certain positions and functions in the ministries, although the number of these positions is shrinking.

9.5.1 Politico-Administrative Relations

The Latvian Constitution—*Satversme*—includes two articles that are relevant for public administration. Article 57 expresses that the number of ministries and scope of their responsibility is described in a special law, while Article 58 says that all administrative institutions, i.e. Public Administration shall be subordinated to the Cabinet of Ministers, i.e. the Government (Satversmes sapulce 1922). These articles delineate the framework for the formal relations between the administration and politicians, where the government is the key political actor supervising the performance of the administration and of the civil service in particular.

In this context, the impact of the legislative power, i.e. the *Saeima* on politico-administrative relations is limited from the legal perspective. In reality, the parliament shows a rather passive interest for public administration issues, and it will react only in some urgent situations like external or societal pressure, or a particular political interest (Jansone and Reinholde 2001: 213).

There is a rather established tradition that it is not common for public servants to have a political career. From time to time, however, some public servants decide to join a political party and become politicians, but in general, this is not the norm. Turnover of staff when the government changes is also very low. As a rule, changes of government affect the political level of ministerial management—the minister's office consisting of advisers, press secretaries, and assistants. However, ministers' offices are usually small in numbers and do not usually exceed 10 persons. Thus, the level of politicisation of public administration is low. Historically, however, there have been cases of political interference in the Administration. In 2003, the prime minister wanted to amend the Civil Service Law by adding a provision giving the right to the prime minister for firing any civil servants, who lost his/her trust (Declaration of the Government 2002). However, under public pressure and the opposition of public administration the prime minister withdrew the intention to introduce a system of more political oversight of public administration.

Nevertheless, there are several parliamentary instruments that enable politicians to oversee and control public administration institutions if they so wished. The parliamentarians may ask questions and conduct inquiries or even form a parliamentary investigation commission (Saeima 2006).

The data in Table 9.2 indicate that questions are the most popular form of parliamentary control over the Administration.[21] The other form of exercising control is inquiries. Inquiries go through the Inquiry Committee that might reject them—and this is exactly what the Committee usually does, as almost 90 per cent of all inquiries are

[21] Questions are to be submitted by at least five members of the parliament to the prime minister, ministers, or the head of the central bank in writing. Usually, those questions are answered during the regular meeting sessions of the parliament.

Table 9.2 Number of questions and inquiries at the parliament

	8th Saeima *(2002–2006)*	*9th Saeima (2006–2010)*	*10th* Saeima *(2010–2011)*	*11th* Saeima *(2011–2014)*	*12th* Saeima *(2014–2018)*
Inquiries	20	36	3	10	43
Questions	136	253	22	198	426

Source Reinholde (2015: 131), Saeima (2019)

usually rejected. As a result, most inquiries do not reach the Government.[22] In addition, the parliament may establish investigation committees. However, this modality of control is mainly utilised for issues that attract high public attention, through which parliamentarians have an opportunity to raise their political credibility and profiles.[23]

9.5.2 Ethical Infrastructure

A special agency—the Corruption Prevention and Combating Bureau (KNAB)—was established in 2002, for preventing corruption and monitoring the finances of political parties. Since its establishment, the Bureau has been ensuring oversight of public officials at all levels of government by raising awareness of the division between public and private interests, as well as encouraging ethical behaviour. In addition, the Bureau monitors the financing of political parties, and it investigates criminal offences.[24] The establishment of KNAB and its achievements in combating corruption and controlling misconduct of public officials are reflected in the World Bank Government Effectiveness Index, as well as in the Corruption Perception Index (CPI) scores for the country.

The other important body is the Ombudsman Office—established in 2007—to have an independent and official agency in charge of the protection of human rights in general, including good governance, following the experience of the Scandinavian countries. In its first year of existence, the Ombudsman received a large number of complaints (441) related to violating the principles of good governance (LR Tiesibsargs 2007: 52). In the following year, 2008, the Ombudsman received even more complaints—463—(LR Tiesibsargs 2009: 59).[25] The key violations of good governance are related to the failure of providing information

[22] However, in this case, parliamentarians deploy a different strategy in receiving responses from the Government. They transform their inquiries into questions.

[23] According to the "Rules of Procedure of *Saeima*", the members of the investigation committee have the right to perform audits in any public administration institution. However, the findings of the committee are usually more politically concerned statements rather than a result of evidence-based reporting.

[24] The most typical criminal offences that the Bureau investigates are bribery, fraud, money laundering, and mediation in bribery and abuse of authority.

[25] Violation of rights related to good governance have been within the top 10 topics of citizens' complaints to the Ombudsman since the moment the Office was established (LR Tiesibsargs 2019: 342).

and not responding in a timely manner, different levels of service delivery by the same authority at regions, and limited public participation in the decision-making process (LR Tiesibsargs 2014: 161–165). The most common justification of public administration institutions regarding violations of the good governance principle is a simple one—there is no legal framework or by-laws. In fact, even in 2017, the key problems related to good governance were non-transparent operations of public administration and corruption risks mainly in the police and the tax administration (LR Tiesibsargs 2018).

9.5.3 Training and Development

In practice, the division between civil service and public employment is almost non-existent, because both have the same duties and social rights, ethical codes and performance evaluation arrangements, as well as remuneration systems. The Latvian public administration is open to external appointments in order to attract staff with the necessary skills. The same rules apply for training and development, as there is no difference in the training for civil servants and employees with labour contracts. Moreover, training in the Latvian public administration is decentralised. Each agency has discretion to decide whether to use the training services offered by the Latvian School of Public Administration or procure training from the private sector and universities.[26] The core part of training is covered either by the institutions themselves or by EU funding.

The number of participants in trainings organised by the School, shown in Fig. 9.8, reflects the fact that the School lost its potential in 2009 and it still has not recovered. Given the austerity measures implemented in 2009, the Latvian Government cut salaries and training possibilities, and the School lost 99 per cent of its pre-crisis budget (Meyer-Sahling et al. 2016). In reaction, the School tried to develop different modules of training (e.g. management, policy analysis, languages) to fill the needs of public administration, but nowadays, it operates under severe competition conditions with private training centres.[27]

[26] As the School of Public Administration has limited budgetary resources for training, it follows the order of State Chancellery regarding training modules and offers a limited number of courses paid for by public money.

[27] Originally, the School was created with a vision to become a Latvian "ENA" (*École nationale d'administration*) to deliver training for civil servants and candidates on and

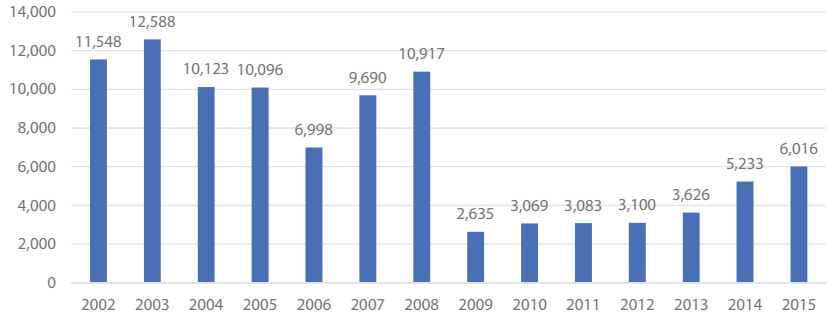


Fig. 9.8 Number of training participants organised by the Latvian School of PA (2002–2015) (*Source* Latvian School of Public Administration 2016: 12)

9.5.4 Remuneration and Performance Appraisal

Latvia has been rather effective on organisational improvements, especially in merging agencies, thus ending up with a small number of organisational units. Conversely, it has failed in improving the remuneration system in general, and particularly for the civil service. The issue of low salaries in public administration, and especially in the civil service, has been on the agenda since the mid-1990s. In the Agenda 2000, the European Commission (EC) argued that the compensation levels of civil servants are very low, and thus being the primary cause for the outflow of staff to the private sector. Moreover, the EC was rather critical of the public administration reform process until 1997. It clearly stated that civil service reform and its implementation were operating under difficult conditions (European Commission 1997: 15). Consequently, in order to meet the accession requirements, remuneration was increased in the most problematic sectors, a decision that was positively evaluated by the EC (European Commission 2003: 11). Since accession to the EU had a positive effect on the economy, remuneration reform policy was marked by

to prepare them for working in public administration. However, a slow implementation of the Civil service Law of 1994, the lack of flexibility in offering a variety of training programmes, and the rapid development of private training facilities were decisive factors while the School was struggling for finding its role in the public administration training and development system. Once the new Civil Service Law (2000) was passed, the School also lost an important function that of being the examining body for civil servants.

remarkable changes in 2005 and 2006 coinciding with the fast economic growth of the national economy.

Reacting to the economic meltdown, salary cuts in 2009 of approximately 35–50 per cent were applied as an instrument for balancing public expenditures during the economic crisis. Afterwards, Latvia approved the Law on a unified remuneration system (2010) setting out the criteria for remuneration in public administration and for politicians. Still, many sectors (e.g. education, health care, police, municipal employees) have their own remunerations systems. Such special sector-specific compensation schemes are not only in conflict with the common and unified remuneration principles, but they also ignite public debate on the transparency and effectiveness of allocations, especially in the education and healthcare sectors, which are the most active in demanding higher salaries.

In general, public administration employees receive approximately 59–64 per cent of the pay received by their counterparts in the private sector (Fontes 2017: 44). There is also a clear tendency where the higher the position, the more remarkable the difference is. Consequently, top officials in public administration receive only 37–38 per cent of the monthly salary that they would receive if they were employed in the private sector (Fontes 2017: 44). In this context, the remuneration issue is politically sensitive and is affecting the capacity of public administration.

9.5.5 Human Resources Management

In general, human resources management in the Latvian public administration is decentralised. Each institution and agency is expected to take care of its recruitment, promotion, remuneration and performance appraisal practices and procedures. The State Chancellery—as the central coordination and management unit—designs the framework and the general outline for human resources management in the public sector. Meanwhile, the key issues of human resources management like remuneration, performance appraisal, training, and ethical behaviour are a jurisdiction of individual institutions and agencies. Thus, the institutions and agencies have navigated through the centrally set restrictions in exercising their discretion and have created room for manoeuvring by providing extra training and extra bonuses to their staff with the aim to retain them.

During the time of rapid economic growth (2005–2006), salaries in both the public and private sectors increased. It was also at this time

that the historical "poor" and "rich" ministries division was no longer the case, as salaries were equalised in the public sector based on the functional responsibilities of positions across ministries. Salary reform was the next step after equalisation. The reform intended to link pay and annual performance appraisal, in congruence with modern human resources management models of motivation.

However, recent research has revealed that senior positions in the top tier of the administration still earn approximately half of what they would earn in the private sector, which puts pressure on the government to reform the remuneration systems in place (Fontes 2016). Latvia is trying to support the injection of modern human resources management tools in public administration with the support of EU funds. However, investments in human resources are hard to justify to the wider public once pre-election promises offer a vision for a "small" public administration.

9.6 Outstanding Issues and Future Plans

The current status with civil service and sector-driven compensation schemes highlights, in a way, the findings of Sir Robin Mountfield—invited by the Latvian Prime Minister in 2000 to provide recommendations for public administration reform and development. His main finding was that public administration reform became more and more fragmented where the vertical links were very strong in a particular sector, while strategic coordination was weak (Mountfield 2000). Almost 20 years later, the situation is rather similar because of adopting an incremental approach, and of the path-dependencies and strong sectoral traditions of the Administration. Such conditions limit governance innovations since different sectors focus on competing for more public resources.

Overall, however, progress is apparent—the Latvian Public Administration is performing better. This is a good achievement considering the changes of the political and administrative regime at the beginning of the 1990s. Furthermore, the Latvian civil service is characterised as politically neutral, being able to safeguard its political neutrality after accession (2004) and the subsequent economic meltdown (2009). This neutrality has protected the civil service from grand public scandals, but at the same time, it has also made it an object of limited or no political interest. The latter has resulted to implementing modernisation initiatives with few innovations, and by following previously established practices towards a gradual staff reduction over the long run.

By the time of accession, the Latvian civil service still had some home tasks to perform. In the monitoring report of 2013, the EU pointed out that strong civil service management is necessary (Monitoring Report 2003: 11). At the same time, the EU evaluated the civil service law positively arguing that it ensured adequate independence, open recruitment, and performance appraisal. Following its accession to the EU, Latvia continued its incremental pre-accession reforms towards a "*small and professional administration*", which has been the slogan for the main reform goal for a long time and still is.

However, the future vision of how small and professional the Administration might look like and what resources it may need, is still not clear either for the politicians, or the administrators themselves; despite the fact that the role of the civil service in a democratic state has been extensively debated among Latvian academics over the recent years in the context of nation-building and democratic governance (Levits 2019). There have also been attempts to create a public service as an over-arching structure combining central and local levels of governance. However, these attempts have failed as the Draft Law on Public Service (2014) was stopped in the Parliament. Meanwhile, many stakeholders acknowledged that the civil service is not about certain positions, but it is a professional and politically neutral instrument for implementation of actions satisfying the public interests and rethinking the role of the state; that is an integral part of statehood modernisation.

Recently, the State Chancellery has initiated new amendments to the Civil Service Law aimed at designing special procedures for recruitment and selection of prospective civil servants from the Latvian diaspora, without open competition. These amendments foresee that diaspora candidates will be selected based on their education and employment record. The rationale behind such amendments is based on the assumption that Latvian citizens employed by international organisations are willing to work in the Latvian Civil Service on a temporary basis and transfer their experience to the country (Leta 2019).

The reform initiatives have always been ambitious and aimed at a whole-of-government approach. The designers of the reforms have acted as change agents while the need to cope with the requirements for EU membership have served as the change drivers. The reform initiatives were based on a normative approach, the modernisation elements of NPM, good governance and public service design bringing a fresh breeze towards the development of a modern public administration.

The COVID-19 pandemic has triggered both a significant economic crisis and a digital transformation of public services provision. In mid-March 2020, the Government announced a state of emergency with a clear indication that online public services and online education provision at all levels are the new reality to face. Thus, public agencies and municipalities closed their offices keeping only remote communication with users and clients, e.g. by phone or online. All public events (cultural, sports, political) were either cancelled or postponed indefinitely. The lockdown introduced movement restrictions, which were supported by citizens, as 74 per cent of survey respondents were positive about governmental restrictions for the sake of public health (Latvijas fakti 2020).

To ensure widespread use of online services, the number of e-signature users doubled shortly after when lockdown measures were introduced reflecting rapid adoption of individuals to the new reality operating in a digital environment (Belskis 2020). As the education process and public service delivery were transferred to a digital environment, weaknesses in the current digitalisation approach were highlighted, i.e. limited interoperability of various databases managed and maintained by different public agencies and slow speed in data exchange, as well as in public service design adopted for e-delivery. Furthermore, although Latvia enjoys high scores among EU countries regarding access to government information, during the lockdown, the Government and its agencies were criticised for non-transparent public procurement procedures and budgetary expenditures allocations, simply justified under the label of COVID-19.

Government actions to limit the spread of COVID-19 did not stop the ongoing administrative-territorial reform. The Law "On Administrative territories and populated areas", was examined and adopted on 10 June 2020, through online Parliamentary meetings, foreseeing implementation of municipal reform immediately after the next local elections, planned to take place in 2021. However, after a fact-finding mission in December 2019 the Congress of Local and Regional Authorities of the Council of Europe pointed out the lack of adequate, timely, and appropriate consultation of the local authorities, the Association representing local authorities and communities during the preparation of the territorial reform called for a rescheduling of implementation of the reforms, following consultation with the communities affected (Monitoring Committee 2020).

Even though the Latvian society tends to take the view that the Government was a good crisis manager during the lockdown, the negative economic impacts of this sudden crisis are still to be calculated. The Government has managed to avoid sharp budgetary cuts during this crisis, as it was the case previously, during the economic meltdown of 2008–2009, however, an expected impact will be the change in the nature of public administration. At the moment, the Government is hesitant to speak about staff cuts and institutional mergers, although the lockdown made salient the existence of jobs that are not needed and of processes without any added value.

All in all, public administration, and civil service reform, in particular, has been a cross-cutting issue with politically recognised relevance. No politician has ever denied the need for public administration reform. Vice versa, public administration and civil service have always been "comfortable" topics to take away a certain degree of attention from other long-lasting problems in the education and healthcare sectors. However, this cross-cutting issue has always been a priority № 2 after sectoral interests and emerging problems have exerted their influence on the political agenda.

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CHAPTER 10

Lithuanian Civil Service Reform 1990–2018: From the Communist Legacy to a Professional Administration

Vitalis Nakrošis

10.1 General Description of the Country

Lithuania was the first of the Soviet republics to declare its independence on 11 March 1990. The country was admitted to the United Nations in 1991 and the Council of Europe in 1993. Lithuania acceded to the EU and NATO in 2004. It joined the Eurozone in 2015 and the OECD in 2018.

Lithuania is located in Northern Europe along the Baltic Sea. It borders Latvia in the north, the Kaliningrad District (part of the Russian Federation) and Poland in the south-west, as well as Belarus in the south-east. In 2018, Lithuania had an estimated population of 2.88 million, which decreased from 3.69 million in 1990 due to emigration and a

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declining birth rate. The country is divided into 10 counties and 60 municipalities.

Lithuania is a very homogeneous society: 84.1 per cent of the population are ethnic Lithuanians, 6.6 per cent are Poles, 5.8 per cent Russians, and 1.2 per cent Belarusians. Lithuanian is the official language of the country. In January 2018, there were only about 50 thousand foreign residents living in the country, which represented around 2 per cent of the country's population. Roman Catholicism is the most popular religion in the country.

10.2 Introduction

Transition from a communist bureaucracy to a democratic administration involves a reduction in the scope of public administration, a lessening of the extent to which state institutions can exercise unlimited power and the professionalisation of the civil service (EBRD 1999). Previous research on the transition of the Lithuanian Administration has found that the goals of administrative transformation were largely achieved, but the consolidation of the administrative system was not complete due to frequent incidents of corruption and the ineffective performance of some state functions (Nakrošis 2001). Moreover, the Lithuanian public administration still has some characteristics of the Soviet bureaucracy, such as the dissociation of civil servants from policy formulation or the politicisation of senior managers (Pivoras 2008).

It is important to analyse how much the transformation of the country's administrative system has advanced over the last decades and if the country's civil service still resembles the Soviet bureaucracy. Also, it is interesting to explore how much Lithuanian authorities have experimented with new approaches to human resource management that are necessary to respond quickly and effectively to emerging policy issues (OECD 2015). While addressing these issues, this chapter will also seek to explaining the ways in which a set of various factors (legacy effects, European integration, and political parties) interact during civil service reforms and contribute to their successes or failures in different post-communist countries (Meyer-Sahling 2009a).

This chapter begins with an overview of public administration and civil service reforms since the re-establishment of Lithuania's independence in 1990. It describes the main trajectories and initiatives of these reforms in the country, as well as it seeks to determine the main factors driving such

reforms from 1990 to 2018. It then assesses if the country's Administration has achieved full transformation from the Soviet bureaucracy to a professional civil service until the end of 2018 that was the cut-off date of this research.

The analysis focuses on the main directions of civil service policy, changes to the civil service system (career-based system versus position-based system), political and administrative relations in the senior civil service, as well as the management of senior officials in the Lithuanian civil service at the central level. The study does not explore how the specific functions of human resource management (ranging from selection of civil servants to their dismissal) are exercised in the country. It defines the civil service as a group of public sector employees whose management and relations are governed by civil service legislation, while it describes the senior civil service as a group of civil servants holding managerial positions in Lithuanian ministries and government agencies. Also, it perceives politicisation as "the substitution of political criteria for merit-based criteria in the selection, retention, promotion and disciplining" of members of the civil service (Peters 2013).

The framework for analysis is based on the transformational approach that has been previously applied in public administration research. According to this approach, the influence of external factors is transformed by various internal factors during policy or institutional change. More specifically, it draws on the academic literature on communist legacies and Europeanisation in Central and Eastern Europe. The former research claims that legacy effects occur through inherited beliefs or institutions, but they interact with other determinants of administrative reform such as European integration and political parties (Verhoest et al. 2010). The Europeanisation studies argue that a goodness of fit between the European Union (EU) and national policies and institutions generates adaptation pressures faced by political and administrative parts of the national systems (Börzel and Risse 2000). Furthermore, this analysis of civil service developments in the post-accession period employs the assumptions of public policy approaches to policy and institutional change.

These approaches emphasise the beliefs and behavioural strategies of domestic players that determine public policy decisions in a certain subsystem of public policy (Sabatier and Jenkins-Smith 1999). Thus, the main unit of analysis in this chapter is a civil service sub-system that consists of actors from different levels of governance (e.g. supranational

and national) or organisations, who are concerned with different issues of civil service policy and seek to influence decisions and their implementation in that domain (Sabatier and Jenkins-Smith 1999). The civil service sub-system operates within the larger political and administrative system in the country that is described in Sect. 10.3 of this chapter.

This chapter follows the three principles of a new Europeanisation research agenda (Graziano and Vink 2013). First, it decouples formal rules from their practical application by focusing on actual changes to civil service policy and human resource management. Second, drawing on desk research it combines qualitative and quantitative evidence in order to improve the understanding of civil service developments in Lithuania since the re-establishment of its independence. Third, this chapter adopts a longitudinal approach to the study of public administration and civil service reforms in the period from 1990 to 2018. This allows us to describe the initial situation before the re-establishment of the country's independence in 1990, the intermediate situation before EU membership and after it, as well as the situation at the end of 2018. Therefore, the research design makes it possible to capture long-term civil service trajectories by employing both qualitative and quantitative evidence.

This research confirms that since the start of transformation from the Soviet bureaucracy to the democratic administrative system in 1990, Lithuania has achieved a complete and irreversible break from the communist legacy by establishing a professional civil service and a capable institutional structure for its management. However, the political agenda of the Lithuanian government still employs some modalities, such as a legalistic decision-making process, that resemble the communist past, and the interests of the country's politicians still constrain the establishment of a professional senior civil service.

This chapter is organised into several sections following the general description of the country and the introduction. The third section sets out the political, administrative, and socio-economic context of Lithuania. The fourth section describes and explains civil service developments in the country from 1990 to 2018, focusing on the main and recent decisions on civil service policy. The fifth section outlines the future plans of the Lithuanian government and outstanding issues in the reform of the country's civil service. Finally, the conclusions summarise the main results of our research and discuss their lessons for other post-communist countries of the former Soviet Union.

10.3 Political, Administrative, and Socio-Economic Context

10.3.1 The Current Political System and Its Development from Independence to Date

Lithuania is a unitary state, a semi-parliamentary democracy. Power is divided among the legislative, executive, and judicial branches of power. The Lithuanian parliament (*Seimas*) is a one-chamber institution with 141 members elected for a four-year term. It approves or rejects the candidacy of the Prime Minister (together with a government programme), approves the national budget (based on a proposal from the government), and accepts or rejects annual reports of the government.

Lithuania has a dual executive, the President and the Government. The President, who is elected directly for five years, is the Head of State and Commander-in-Chief, overseeing foreign and security policy; and the Government is comprised of the Prime Minister and a fourteen-member Cabinet of ministers. The President appoints and dismisses, upon approval of the *Seimas*, the Prime Minister (who is the Head of Government) and the rest of the Cabinet, as well as a number of other top officials in the country. The President also vetoes legislation adopted by the *Seimas*, but a majority of more than half of all the members of the *Seimas* can overrule the President.

There are two administrative levels of government in Lithuania, the central government and local government. Local governments form the lowest administrative tier in the country. There are 60 municipalities, which have the right to self-rule exercised through their respective municipal councils and mayors directly elected by the population every four years. The country used to have another administrative tier between the central government and local authorities—county administrations. However, in 2010, all ten county administrations were abolished by transferring their functions either to the central government or municipalities or eliminating some of them.

From 1990 to 2000, the Lithuanian central government was controlled or dominated by a single majority party.[1] As of the end of 2000, coalition governments have been in power. Since 1990 two main parties or

[1] The right-wing parties in 1990–1992 and 1996–2000 and left-wing parties in 1992–1996.

party blocs (one led by the Homeland Union—the Lithuanian Christian Democrats and another dominated by the Lithuanian Social Democratic Party) have been replacing each other in power after major pendulum swings in the electorate. The 2016–2020 coalition government, which is led by the Lithuanian Farmers and Greens Union, headed by Saulius Skvernelis, is an exception from this trend. However, this new ruling majority includes a new parliamentary group of the Lithuanian Social Democratic and Labour Party that was formed in the *Seimas* after the break-up of the Lithuanian Social Democratic Party in 2017.

Three main factors have influenced Lithuania's political and administrative transformation since 1990. The first factor was the country's transition to democracy and to a market economy from 1990 to 1996. The country's Constitution was adopted in 1992, prescribing the powers of the *Seimas*, the President, the Government (in a dual executive) and the judiciary. Moreover, many legislative acts were passed during this period providing for new policies and institutions in the country. This included the adoption of the Law on Officials in 1995, which legislation, however, failed to establish a professional civil service in the country.

The second driver was Lithuania's accession to the EU from 1996 (when the pre-accession process started) to 2004 (when the country gained EU membership). In order to comply with various requirements of EU membership, applicant countries needed to adapt domestic legislation and institutions conforming to EU policies and practices. For instance, during this process, Lithuania passed the Civil Service Law and established many new regulatory or policy implementation agencies (Nakrošis and Martinaitis 2011). After accession, the country has managed to maintain a rather good record of transposition and implementation of EU law. Furthermore, after gaining EU membership Lithuania started benefitting from EU structural funds, which have been absorbed relatively quickly (but not always effectively) in the country.

The third factor is some general institutional characteristics of the Lithuanian political system. The country's political system is characterised by high fragmentation in its party system (leading to frequent changes in the ruling majorities and governments); confrontational politics between the main political party blocs in all policy areas, but in those that national consensus exists (namely, EU membership and defence spending); as well as limited willingness of legislative and executive politicians to exercise

strong leadership for change in the absence of strong external conditionalities. Overall, this chapter argues that these features of the country's political system explain largely why public administration changes have occurred mostly on an incremental basis in the post-accession period.

10.3.2 Evolution of the Administrative System and the Initiatives of Public Administration Reforms

The country's administrative system is rather complex and fragmented. The multitude of public administration institutions may be distinguished into four groups. The first and most important group of state budgetary institutions include the President's Office, the Seimas, the Government Office, and fourteen Ministries.[2] The second set of state budgetary institutions is government agencies and agencies under the jurisdiction of ministries operating in the executive. Third, each municipality has its own administration and a number of budgetary institutions operating at the local level. Fourth, some public non-profit institutions that are funded through the state and/or the municipal budgets. The Civil Service Law applies mostly to the first two groups of institutions and the municipal administrations that employ civil servants. The total number of state and municipal institutions—including their territorial units—which are treated as civil service structures, has gone down from 848 at the end of 2008 to 597 units at the end of 2018 due to the abolition or reorganisation of some institutions and their territorial branches.

According to the Government Law,[3] the ministries are established by the Seimas and are responsible for policymaking. Government departments and agencies under the jurisdiction of the ministries are set by the Government and are responsible for policy implementation. If the ministries are headed by a politician—a cabinet member—the government department and agencies under the ministries are headed by career civil servants—as of 1 January 2019—who are appointed by the ministers responsible, according to the Civil Service Law. In addition, public

[2] A state budgetary institution in Lithuania is a public entity that performs state functions and is financed from the state budget, or the social insurance fund as approved by the parliament. An appropriation manager is the head of a budgetary institution.

[3] The Government Law of the Republic of Lithuania defines the composition of the Lithuanian government, its powers, formation and functioning; see also https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/3ddf96910e9511e98a758703636ea610?jfwid=-iroukaejp.

non-profit institutions are mainly responsible for the delivery of specific public services. However, some public non-profit organisations have been established mostly for the execution of public administration functions in order to bypass rigid civil service rules and to make the functioning of such organisations more flexible.

Lithuania is one of the agencification leaders in Europe. Together with Norway, it has agencified the largest number of executive tasks (Van Thiel 2011). Most Lithuanian agencies were established during the processes of transition and accession to the EU. For instance, it has been estimated that 1995 was the year that most public sector organisations were established, responsible for 25 executive tasks in the country (Nakrošis and Martinaitis 2011). The proliferation of agencies created opportunities for party patronage that were exploited for appointing loyal party members when the Lithuanian Democratic Labour Party/Lithuanian Social Democratic Party was in power (see Sect. 10.4 below for more information). The majority of Lithuanian agencies are rather small or medium in size with respect to their staff. For instance, in 2008, 52 per cent of state institutions—government departments, agencies under the jurisdiction of ministries, and their territorial units where the Civil Service Law was applicable—were small, employing less than 50 staff each. About 31 per cent were medium, employing between 50 and 199 staff and only 17 per cent were considered large, with 200 staff and above (Nakrošis and Martinaitis 2011).

Lithuania has a fragmented advisory system, with a total of 213 advisory bodies (in 2017) working at the central level of government. *Ad hoc* advisory bodies have low average lifespans, while the permanent advisory bodies usually have weak administrative capacities. The Sunset Commissions were an exception because they advised successive Lithuanian governments for more than ten years—having been active since 1999—and operated within a well-developed institutional framework (Bortkevičiūtė and Nakrošis 2018). They provided recommendations on how to improve the efficiency and quality of public management for five Lithuanian governments until 2016. The performance of the 2009 Sunset Commission, which was mandated with streamlining bureaucracy, eliminating the duplication of functions in public administration, and increasing its efficiency, was one of the most successful. For instance, one of its objectives was to advise the Lithuanian Government on rationalising the institutional structure of the executive power, which involved restructuring of the Lithuanian ministries, abolishment and reorganisation

of government agencies and agencies under the ministries. As a result of these changes, the number of state budgetary institutions (including territorial units) decreased from 1,190 in 2008 to 855 in 2011 at the central level of government.

The 2016–2020 government has developed a new concept paper on the institutional set up of public administration. It proposes reducing the number of institutions by 15 per cent, but these organisational changes have initially been sluggish. For instance, 33 state institutions (about 4 per cent) and 80 municipal institutions (about 2 per cent) were abolished or merged in 2017 according to the data of the Ministry of the Interior. Furthermore, the Government of Prime Minister Skvernelis has decided to centralise support services in more than 100 central-level institutions by establishing the national centre of shared services that will provide accounting, personnel management, and other support services (e.g. public procurement, property management, or document management) services in the future.

10.3.3 Main Indicators on the Performance of the Lithuanian Government and Public Administration

The performance of the Lithuanian government and public administration can be assessed on the basis of several indicators as measured by various international organisations. Lithuania's indices of government effectiveness and regulatory quality have been quite stable over the past few years. In the World Bank's 2017 Worldwide Governance Indicators, Lithuania scored 80 out of 100 for government effectiveness, down from 81 in 2016. In the same index the county also scored 83 out of 100 for regulatory quality, down from 85 in 2016. In the World Economic Forum's Global Competitiveness Report 2017–2018, Lithuania ranked only 95th out of 137 countries for efficiency of government spending, which points to the need for improving efficiency in government operations.

Corruption is not sufficiently contained in Lithuania. In the Transparency International Corruption Perception index, Lithuania scored 59 out of 100 and ranked 38th out of 180 countries in 2017, down from 32 in 2015. In the World Bank's 2017 Worldwide Governance Indicators, Lithuania scored 75 out of 100 on the issue of corruption control, down from 70 in 2016. The country's anti-corruption policy is based

on the National Programme on the Fight Against Corruption, which aims at eliminating or minimising conditions that enable corruption and imposing penalties in cases of identified corruption.

Lithuania has established a stable and predictable legal business environment. In its 2019 Doing Business Report, the World Bank ranked Lithuania 14th out of 190 countries overall. The criteria assessed most positively included registering property (ranked 3rd), enforcing contracts (ranked 7th) and dealing with construction permits (ranked 7th). In its 2017 Human Development Index (HDI), the UNDP ranked Lithuania 33rd out of 189 countries overall. With the score of 0.858, the country belongs to the very high human development group, but below the average of 0.894 for this group of countries and below the average of 0.899 for the EU member states. Since 1990, Lithuania's HDI value has increased from 0.732 to 0.858 because the country's life expectancy at birth increased by 4.1 years, mean years of schooling increased by 4 years, and expected years of schooling increased by 3.3 years.

Employment in the country's general government, as a percentage of total employment, was 22.8 per cent in 2016, which is above the OECD average (18.1 per cent). The number of people employed in the country's public administration, defence, and compulsory social security is similar to the average of the EU 28 countries. In 2015, 81,600 people worked in these sectors. As a share of the total population, this figure is slightly below the EU average (2.87 per cent compared to the EU average of 2.96 per cent) based on the 2016 data. The share of core public administration employment in general government employment was estimated to be 41.2 per cent, which indicates that a large proportion of public sector employees work in non-core administrative areas (Nakrošis 2018).

In 2017, all Lithuanian budgetary institutions employed a total of 142,548 staff at the central and local level, a reduction of about 5 per cent from 2016. At the end of 2018, state and municipal institutions employed 53,139 civil servants and other employees. The number of civil servants in these institutions was 25,866, while these organisations also employed 19,200 employees on the basis of the Labour Code. In addition, 7,052 statutory servants, 845 civil servants of political (personal) confidence,[4] 233 heads of institutions, and 15 heads of statutory institutions worked

[4] Political appointees who are selected based on the principle of political (personal) trust and who are dismissed from office when their political masters finish their political terms.

in these institutions according to the data of the Civil Service Department under the Ministry of the Interior.

10.4 Civil Service Reform in Lithuania (1990–2018)

10.4.1 Legacy of the Soviet Bureaucracy

Lithuania was part of the Soviet Union from 1940 (when the country was occupied by the Soviet army) to 1990 (when it re-established its independence). The Soviet administrative system was characterised by dual governance of the Communist Party and executive institutions (the Council of Ministers, ministries, committees, offices, and other executive institutions) that were organised in a hierarchical way. Senior members of the Soviet Administration belonged to the party, forming a group of an administrative elite called the *nomenklatura*. This arrangement allowed the Communist Party to penetrate all political and administrative institutions in Soviet Lithuania.

Since the Communist Party exercised strong control over the administrative system and steered its activities, the key function of policy formulation was weakly developed in the central government (Goetz and Wollmann 2001). Communist cadres were preoccupied with executing direct party orders instead of developing the substantive provisions of public policy. Furthermore, the law was subordinated to top political interests in the Soviet administrative system. For instance, senior party members enjoyed the so-called "telephone right" to give informal assignments to state institutions (Palidauskaitė 2011). This contributed to the spread of "administrative voluntarism" whereby formal rules were applied in an arbitrary way depending on party positions.

The management of personnel in the administration of Soviet Lithuania was very politicised. Party patronage played a crucial role in the recruitment and career advancement of Communist-party members. Career progression in party or state organs depended on personal loyalty and political reliability (Nakrošis and Gudžinskas 2012). Thus, in order to enhance their career opportunities, communist cadres sought to maintain good relations with their colleagues in the *nomenklatura* network (Ivanauskas 2011). Consequently, in the absence of any legal protection, party connections ensured career advancement and even protection from possible dismissal from office.

There was no private sector during the Soviet regime until the start of *perestroika*, in the 1980s, when the Soviet Union leader Mikhail Gorbachev started restructuring the Soviet political and economic system. Therefore, all employees worked for different public sector institutions. In the absence of a uniform civil service under communism, Lithuania inherited a specialist-based administration with a low degree of internal coherence (Nakrošis 2001). In this context, the key challenges of post-communist administrative transformation involved de-coupling the Communist Party from the state, restraining the unlimited powers of the bureaucracy, building up the policymaking capacity in the central government and developing a professional administration. This implied a significant reduction in the scope and powers of public administration, as well as it posed the risk of bureaucratic dominance and fragmentation in the absence of adequate political steering and a uniform civil service.

10.4.2 Transition to Modern Administration (1990–1996)

10.4.2.1 Stop-Gap Approach to Change During Early Transition

As in other Central and Eastern European countries, institutional and policy change in Lithuania was driven primarily by the mere rejection of the communist legacy rather than embracing the need for comprehensive reform programmes in the first years of transition (Hesse 1993). Consequently, the prevailing destructive (rather than constructive) approach restricted the development of a new professional administration. Also, in the absence of a new Constitution it was initially difficult to develop comprehensive legislation and to apply a whole-of-government approach to the organisation of public administration in the country. For instance, following the Temporary Framework Law that was in effect from 1990 to 1992, the Government adopted resolutions setting temporary working arrangements for the employees of state institutions (the heads and officials of state institutions and law and order organisations). A combination of these factors constrained a fast and irreversible break with the Soviet administrative system during early transition (Nakrošis 2001).

10.4.2.2 Politicisation of the Lithuanian Government and Administration

In the absence of comprehensive and stable legislation governing the organisation of public administration, political developments profoundly shaped the country's administrative system. The first two Lithuanian

governments (1990–1991, and 1991) were governments whose members often represented the Lithuanian Communist Party that split from the Soviet Communist Party at the end of 1989. This initially ensured the protection of *nomenklatura* jobs and communist management practices in state institutions.

In 1991, the first party government was formed by Prime Minister Gediminas Vagnorius, one of the leaders of *Sąjūdis* (an independence movement). The appointment of politicians to the Government created the first wave of politicisation in the Lithuanian administration through many organisational changes, as well as the replacement of *nomenklatura* members with new party cadres. This personnel policy was soon reversed, following the 1992 parliamentary elections that brought into power the Lithuanian Democratic Labour Party (the former Lithuanian Communist Party) and its inherited *nomenklatura* cadres. Since their temporary upsurge in 1992 (when the number of ex-communist members of parliament was estimated to be 51.8 per cent), the share of ex-communists underwent a constant decrease in the *Seimas* and other state institutions (Matonytė 2009).

Since the early 1990s regular changes of two main blocs of Lithuanian parliamentary parties, which are organised around the Homeland Union (the successor of *Sąjūdis*) and the Lithuanian Social Democratic Party (the successor of the Lithuanian Democratic Labour Party), established the pattern of firing disloyal civil servants (especially those holding managerial positions) after each wholesale change of government. These party blocs also employed different strategies of party patronage. The Lithuanian Social Democratic Party, which enjoyed the largest supply of Soviet cadres and *nomenklatura* relations inherited from the communist past, tended to *de facto* politicise the appointment and dismissal of top managers. For instance, the largest number (45 per cent) of top ministerial managers who had affiliations with Lithuanian political parties participated in the political activities of the Social Democrats during the period 2001–2015 (Bacevičiūtė 2015). In contrast, the Homeland Union–Lithuanian Christian Democrats, which argued for de-sovietisation of the Lithuanian administration, employed structural politicisation to dismiss politicised senior servants from the country's administration. In contrast, this party used the strategy of *de facto* politicisation to a very limited extent because only 11 per cent of all politically active top managers participated in the political activities of this party during 2001–2015 (Bacevičiūtė 2015).

10.4.2.3 Establishment of the Lithuanian Civil Service

The 1993–1996 Lithuanian Government first recognised the importance of civil service reforms by indicating the need for civil service legislation in 1993. The Ministry of Public Administration Reforms and Local Authorities (with a special unit dedicated to civil service policy) was established in 1994 to coordinate public administration reforms in Lithuania. In the same year, a working group was set up to develop new civil service legislation, involving the representatives of the *Seimas*, the Government, the President's Office, and other state institutions (Juralevičienė 2005).

In 1995, the Lithuanian parliament adopted the Law on Officials, which determined the concept of the civil service; the procedure for employment in the civil service; the rights, duties, and responsibilities of officials; as well as the conditions for termination of employment relations. The Law divided all officials into two groups: (i) state officials of "A" level appointed by the Seimas, the President and the Government to assist state politicians in fulfilling their functions for the duration of their term of office; and (ii) state officials of "B" level appointed by the Seimas, the President, the Government, ministries, government institutions and agencies without a specific term of office.

This legislation, however, failed to develop a uniform, professional, and autonomous civil service. For instance, the Law on Officials did not set a unified pay scale in the Lithuanian civil service. The first legislation on the remuneration of state politicians and staff of state and municipal institutions was not adopted until 1996.[5] Furthermore, the Law on Officials contained no administrative appeal procedure to challenge illegal dismissals of partisan nature, thus leaving the careers of officials dependent on the decisions of their political masters (Nakrošis 2001). Therefore, with the start of European integration process Lithuania was forced to engage in the development of new civil service legislation that would comply with EU requirements.

[5] *Juralevičienė, Lietuvos Respublikos valstybės tarnybos raida 1990–1995 metais* [The development of the civil service of the Republic of Lithuania], 59.

10.4.3 Creation of a Professional Civil Service During Accession to the EU (1997–2004)

As the establishment of a professional civil service was a pre-condition for the successful application of EU law, it was recommended that all candidate countries professionalise and depoliticise the management of their civil services. It was also argued that the achievement of the depoliticisation objective required relying on a career civil service model, while avoiding inappropriate "medicines" of the New Public Management doctrine in the post-communist countries (Verheijen and Coombes 1998).

As a result, it were the EU requirements that dominated the country's civil service reforms from 1996 to 2004. EU institutions influenced administrative reform initiatives through various means, including access to different stages of the accession process, monitoring the process of accession, the provision of legal and institutional templates, as well as EU financial assistance (Grabbe 2011). For instance, in its 1997 Opinion the European Commission outlined the main requirements for the civil service, which included impartiality, professionalism, and a training system and monitored them in its subsequent Progress Reports (1998–2003).[6] To assist in this effort, *Phare* support was allocated for the development of new legislation and capacity building (see below for more specific information on EU financial support to Lithuania).[7]

10.4.3.1 Establishment of a Career-Based Civil Service System

In 1996, the Ministry of Public Administration Reforms and Local Authorities set out a reform objective to form a corps of professional officials to ensure continuity in the performance of state and municipal institutions, political neutrality, efficiency, openness, flexibility, and high quality of services. The substance of the Lithuanian civil service-related legislation and its adoption timing was linked to the influence of the EU. The risk that Lithuania would not be invited to start negotiations on EU

[6] Progress Reports are available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/archives/pdf/key_documents/1998/lithuania_en.pdf.

[7] The *Phare* Programme was one of the three pre-accession instruments financed by the EU to assist the preparation of applicant countries for joining the EU.

membership with the European Commission forced Lithuanian authorities to expedite the approval of a still unfinished Civil Service Law draft in the Lithuanian parliament in the autumn of 1999 (Grabbe 2011).

During the preparation of the 1999 Civil Service Law, Lithuanian authorities intended to introduce a pure career-based civil service model, similar to Germany, France, and other countries of continental Europe. Accordingly, the Civil Service Law that was adopted by the Lithuanian Parliament in 1999 introduced a career-based civil service model. More specifically, it stated that candidates for civil service positions (including heads of institutions) should be recruited on the basis of public competition, clearly separating them from political (personal) confidence positions in the Lithuanian civil service. This reform also introduced the legal protection of civil service jobs that constrained opportunities for dismissing career civil servants. Also, the 1999 reform put in place a comprehensive civil service including not only the staff of state and municipal institutions, but also such public sector employees as teachers, police officers, firefighters, doctors, and those working in the sectors of culture and sports. A total of about 230,000 employees were classified, through the legislation, to belong to the civil service.

10.4.3.2 Modification of the Civil Service Legislation

The 1999 Civil Service Law was implemented only to a small extent. The large scope of the civil service law and its complex legal provisions forced Lithuanian authorities to simplify the legislation. A new version of the Law that was passed by the *Seimas* in 2002 made a few significant changes to civil service policy. First, the scope of the civil service was reduced to about 60,000 employees exercising public administration functions in state and municipal institutions. The legislation provided for four groups of civil servants' positions: career civil servants; civil servants of political confidence; heads of institutions; and statutory civil servants. Second, Lithuania's civil service system became somewhat more position-based. For instance, the recruitment to any position in the civil service became possible without any previous experience in the administration. However, the career-based civil service model continued to prevail in the country after the 2002 reform, as it was estimated that the country's civil service model had 71 per cent of the characteristics of a career-based system in 2007 (Nakrošis et al. 2015).

The 2002 Civil Service Law was almost fully implemented. A single exception was the fact that some Lithuanian civil service authorities did

not meet the minimum spending target of at least 1 per cent from the overall remuneration fund for training by 2007. However, the civil service legislation became increasingly rigid and difficult to apply as a result of many detailed modifications following the legalistic approach to civil service policy in the Lithuanian legislature. This characteristic of the civil service system started constraining the ability of the Lithuanian government to make prompt changes to civil service policy while seeking to respond to different challenges.

10.4.3.3 Establishment of the Civil Service Department

In 2002, the Civil Service Department under the Ministry of the Interior was established. After integrating a Civil Service Policy Unit from the Public Administration Department of the Ministry of the Interior, it became the main authority responsible for civil service policy in Lithuania. The main objectives of the Civil Service Department were to participate in the development of a professional and effective civil service, as well as to ensure the implementation of the Civil Service Law and related secondary legislation. Later, the Department was strengthened in terms of its budget and staff. It also received additional funding from the *Phare* programme in the period 2003–2005 and the European Social Fund from the programming periods 2007–2013 and 2014–2020. A 2009 SIGMA Report recognised that Lithuania had developed and maintained stable and capable central civil service management structures since EU accession in 2004 (Meyer-Sahling 2009b).

In more recent public administration reform initiatives, the Civil Service Department experienced a few important organisational changes. During the term of the 2008–2012 Lithuanian government, the Civil Service Department initially lost its mandate to formulate civil service policy to the Ministry of the Interior, but its autonomy was later strengthened by transforming it into a government agency under the Lithuanian government. A 2018 version of the Civil Service Law (see the following section) reversed this decision by restructuring it into an agency under the Ministry of the Interior (effective as of 1 January 2019). This decision strengthened the powers of the Ministry of the Interior, which coordinates public administration reforms in the country, in the field of formulating and coordinating civil service policy.

10.4.3.4 Strengthening Administrative and Institutional Capacities of Public Administration During the Pre-accession Period

The EU contributed to the civil service reform in the country through the provision of advice and financial assistance. The *Phare* Project on administrative reform in Lithuania, which was implemented from 1997 to 1998, supported the preparation of the 1999 Civil Service Law. The *Phare* training project "Strengthening Public Administration Services", which was implemented in the period 2000–2002, was conditional on the approval of draft civil service legislation before the end of 1999 and a few other commitments of the Lithuanian authorities. Another *Phare* Project "Improvement of Public Service Management", which was implemented from 2003 to 2005, focused on strengthening the capacity of the Civil Service Department in Lithuania. These projects not only developed the country's civil service legislation, but also contributed to strengthening the capacities of civil service authorities at the systemic and organisation levels.

In addition, financial advice and assistance continued to be provided to strengthening administrative capacities in the country's public administration after EU membership. In the absence of any effective instruments for post-accession intervention, the EU played a less significant and a more indirect role in civil service reforms after Lithuania's accession to the EU. Therefore, since 2004 civil service developments in the country have been primarily the result of domestic political dynamics, despite the introduction of ex-ante conditionalities for EU financial support in the programming period 2014–2020 (see Sect. 10.4.4 below).

10.4.3.5 Management and Politicisation of Senior Civil Servants

Although the Europeanisation of CEE[8] administrations that made their civil servants more professional was also expected to depoliticise civil services in these countries (Dimitrova 2005). However, it was found that the adoption of new civil service legislation did not actually reduce the politicisation of top officials in many CEE countries after EU enlargement (Meyer-Sahling 2009b). Different types of patronage strategies could be employed to politicise civil service positions. For instance, it is possible to change the status of managers' positions through structural politicisation

[8] Central and Eastern Europe.

or one can *de facto* politicise the appointment and dismissal of individual career civil servants holding managerial positions (Nakrošis 2014).

The scope of structural politicisation in the ministerial administrations was reduced in 2002 (during the ruling of the Lithuanian Social Democratic Party) by revising the Government Law. As a result of this change, the number of vice ministers (political appointees) was reduced to one, while the career positions of a state secretary and under-secretaries were introduced in the ministerial administration. After the reform, each Lithuanian ministry had one state secretary and several under-secretaries subordinate to the state secretary. However, the Lithuanian government led by the Lithuanian Social Democratic Party *de facto* politicised up to 40 per cent of new appointments to senior civil service positions by drawing on its wide network of party cadres. The actual politicisation of top ministerial positions was found to be the highest—around 45 per cent of all incumbent managers were politically affiliated—in the period 2002–2008 when the Social Democrats were in power (Bacevičiūtė 2015). This is not surprising because the former ex-communists dominated the parliamentary group of the Lithuanian Social Democratic Party, comprising almost half (46.3 per cent) of all ex-communists represented in the Lithuanian parliament in the 1990s (Matonytė 2009). This structure of senior positions was later reversed by the 2008–2012 Lithuanian government that replaced the positions of state secretaries and under-secretaries with politically appointed vice ministers and a single ministerial chancellor (a career civil servant until the end of 2018) (see Sect. 10.4.4 below for more information).

Previous research also shows that if the scope of *de facto* politicisation—measured in terms of the involvement of agency managers in political activities—tended to decrease during the first years of accession—up until 1999 when the country adopted the Civil Service Law—but it began rising in the subsequent years. The scope of politicisation in Lithuanian government agencies and agencies under the ministries was 16.3 per cent in 1996—before the accession process began—but it fluctuated during the accession process and reached its highest point in 2003 (during the rule of the Social Democrats) at the level of 23.5 per cent. Since accession to the EU was characterised by a quick expansion in the number of agencies and, respectively, of agency heads, these results suggest that agencification was to some extent abused by Lithuanian political parties for politicising the Lithuanian senior civil service, in spite of the new civil service legislation enacted (Nakrošis and Bankauskaitė-Grigaliūnienė 2014).

10.4.4 Development of the Civil Service After EU Membership (2004–2018)

Civil service reform was part of the Public Administration Development Strategy from 2004 to 2010 that was approved by the Lithuanian government. This strategy pursued the following objectives in the area of human resources development:

- Organise systematic training of civil servants;
- Ensure institutional cooperation;
- Simplify the procedures and rules of the civil service;
- Implement a civil service performance control system; and
- Improve the image of civil servants.

The implementation of this strategy was affected by economic and political factors. The financial crisis that broke out at the end of 2008 had a major impact on Lithuania's civil service resulting to cuts of civil service jobs and other government expenditures. Moreover, each change of government, since 2008, had brought new civil service policies in the country. The political bloc of parties led by the Homeland Union believed that the civil service needed to be de-sovietised, deprived of its special status and be based on the principles of private sector management and the New Public Management (NPM) doctrine. In contrast, the opposition coalition, led by the Lithuanian Social Democratic Party, backed the hierarchical concept of civil service and the preservation of the career-based civil service model (Nakrošis et al. 2018).

Despite ambitious goals for civil service reforms, system-wide changes to the civil service system failed to materialise during the 2008–2012 government term. The 2012–2016 government attempted to adopt a new civil service legislation, but its initiatives were not successful. For instance, a proposal of the Civil Service Department to establish a senior civil service did not receive the necessary political support. It was the 2016–2020 Lithuanian government that was more successful by securing the adoption of a new version of the Civil Service Law in the middle of 2018 (see below in this section for more information).

10.4.4.1 Incremental Civil Service Reform in 2012

Following the breakout of the financial crisis in 2008, the 2008–2012 Government initiated various civil service reforms in order to achieve

better results with less financial and human resources. The Government started reducing the number of civil servants and other public sector employees, as well as cutting their wages and reducing their social benefits, among others. About ten per cent of the staff in state and municipal institutions lost their jobs in the years 2008–2011 (Nakrošis et al. 2015).

The main objective of civil service reform was to increase flexibility in the civil service and to add elements of the position-based system, e.g. performance-based contracts, and project management, to the existing career-based civil service system. This reform intended to introduce a new version of the Civil Service Law, replacing the legislation that dated back to 1999—when a professional career-based civil service model was first established during the country's accession to the EU—and it was substantially revised only once in 2002. After the opposing coalition and the President's Office repeatedly criticised the civil service reform initiatives as destabilising and demotivating civil servants, the 2008–2012 government—led by the Prime Minister Andrius Kubilius—was forced to withdraw its legislative proposal form the government agenda in the Autumn of 2011; thus terminating any system-wide changes to the civil service until the end of the government's term in office (Nakrošis et al. 2015). For instance, although the reform coalition proposed that civil servants' bonuses be based on performance results instead on length of service—in line with the NPM doctrine—no major overhaul of the existing remuneration system occurred during this period. Some incremental changes to the Civil Service Law were adopted by the Seimas at the end of 2012, but these did not change the direction of the overall civil service policy in the country.

10.4.4.2 Incremental Civil Service Reform in 2018

The 2016–2020 Lithuanian Government launched another system-wide reform of the civil service, which sought to reduce its scope, change the existing salary system, and make the management of human resources in state and municipal institutions more flexible. Although this government—a coalition of the Lithuanian Social Democratic and the Labour Party—its policies in the field of civil service are more similar to those pursued by the 2008–2012 Lithuanian Government that was led by the Homeland Union (an opposition party during the parliamentary term of 2016–2020).

Box 10.1: Main Amendments of the Civil Service Law of 2019

- A small reduction in the scope of the civil service by excluding job positions related to technical functions;
- Centralisation of the candidate selection for civil service recruitment (both for managerial and non-managerial positions);
- Introduction of a new salary system consisting of a base salary and additional allowances and entitlements;
- Simplification of the performance appraisal systems for civil servants (by removing the existing appraisal commissions);
- Abolishment of mandatory training of civil servants;
- Introduction of teleworking in the civil service;
- Introduction of new means of motivating civil servants (in the form of an additional payment and additional days off);
- Introduction of a new tool of mentoring;
- Strengthening the personal responsibility of civil servants;
- Changing the status of the heads of government agencies from state officials to civil servants; and
- Introduction of office terms and rotation for some senior civil servants.

Box 10.1 contains information on the main amendments to the Civil Service Law adopted by the Lithuanian parliament in the middle of 2018. The new legislation intends to make the remuneration system and some functions of human resource management in the civil service more flexible, as well as to introduce new incentives for civil servants. However, this reform may be considered as incremental, given that the scope of the civil service will only be reduced by removing technical functions, the remuneration system will still include a pay component for length of service and the duration of paid holidays will be shortened only slightly.

10.4.4.3 ESF Support to Civil Service Development during Programming Periods 2007–2013 and 2014–2020

During the programming period 2007–2013, Lithuania implemented four operational programmes that were supported by EU structural funds (ESF). The Human Resources Development Operational Programme (HRDOP) was the main source of funding for administrative capacity-building interventions in the country. The HRDOP set out 14 measures supporting different public administration interventions under priority

4 "Strengthening administrative capacities and increasing efficiency of public administration". Under this priority, projects related to training of civil servants and improving the management of human resources and the administrative capacity of the civil service were implemented. Through these interventions, substantial changes were expected concerning the application of skills that civil servants gained during training, the scope of performance management and/or quality management systems and the time needed for business registration, in the period 2007–2013.

Funding for activities in thematic objective 11 "Enhancing institutional capacity of public authorities and stakeholders and efficient public administration" during the programming period 2014–2020 focuses on strengthening the performance of state and municipal institutions and agencies, as well as improving the competences of civil servants in the country. Through these activities, substantial improvements are expected in the management of human resources in the civil service system. In contrast to the previous period, the European Commission introduced the *ex-ante* conditionality of developing "a strategic policy framework for reinforcing a Member State's public authorities' administrative efficiency and their skills" (European Commission 2014).[9] Lithuanian authorities satisfied this conditionality through the adoption of the 2012–2020 Public Management Improvement Programme (2012) and its Implementation Plan (2013), as well as through the adoption of the Civil Servants' Training Strategy (2014). However, although these national documents provided the analysis of legal, organisational, and procedural actions and their planning, the country's policy framework was not sufficiently strategic and results-oriented. These documents provided comprehensive lists of objectives and measures but did not contain clear policy choices and selective measures, where financial and human resources should be best concentrated to achieve the expected results in the most efficient and effective way (Nakrošis 2019). Thus, it seems retrospectively that the EU conditionality for financial support introduced has not proved to be very effective in the case of Lithuania.

[9] https://ec.europa.eu/regional_policy/sources/docgener/informat/2014/eac_guidance_esif_part2_en.pdf.

10.4.4.4 Management and Politicisation of Senior Civil Servants during Post-Accession

The 2008–2012 Lithuanian Government pursued a strategy of structural politicisation, whereby career civil service positions were replaced by positions of political (personal) confidence in state institutions. For example, the state secretaries and deputy state secretaries of Lithuanian ministries, which had been career civil servants before this change, they were replaced, in 2009, with vice ministers, who are civil servants of political (personal) confidence. Furthermore, the reform of government agencies introduced political appointees (state officials), who replaced the former heads of institutions (career civil servants) in the same year. Although these structural changes were justified by the perceived need for stronger political control over the bureaucracy, they had to circumvent the principle of job security through government-wide organisational changes (Nakrošis 2014). Moreover, the 2008–2012 Lithuanian Government pushed through the legislative process an amendment to the Civil Service Law that made it possible to dismiss individual civil servants by mutual agreement of an employer and an employee—a legal provision that could be politically exploited by the governing political parties.

The level of *de facto* politicisation (measured in terms of agency heads involved in political activities) started gradually decreasing after EU membership until it reached 18.1 per cent in 2012. The post-accession period saw an emergence of two different groups of Lithuanian agencies. Those more politicised agencies that operate in more politically sensitive policy areas and those more professional agencies that fulfil their tasks in the Europeanised policy areas. A gradual decline in the scope of politicisation from 2003 can be imputed to slowing agencification and greater government stability. Although the 2008 wholesale government change increased structural politicisation, there was no substantial *de facto* politicisation across the board when the 2008–2012 Lithuanian government was in office (Nakrošis and Bankauskaitė-Grigaliūnienė 2014). The level of actual politicisation in top ministerial positions was estimated to be about 25 per cent during that period (Bacevičiūtė 2015).

10.4.5 Most Important Achievement of Civil Service Reforms to Date

10.4.5.1 The Results of Civil Service Reforms in the Country

Lithuania successfully complied with the EU requirements in the civil service area by adopting the Civil Service Law and professionalising its civil service during the pre-accession period. Therefore, Lithuania was classified as a case of post-accession reform continuation (Meyer-Sahling 2011). It was a combination of the priority of EU membership among the Lithuanian political parties represented in the *Seimas* and only partial changes of government that occurred during the ruling of the Lithuanian Social Democratic Party that ensured the continuity of civil service policy in the mid-2000s. The results of the system-wide civil service reforms after EU membership, however, have only been moderate. Despite some ambitious policy aims, only incremental changes to civil service policy were adopted between 2012 and 2018.

Although the 2008–2012 Government cut the total number of civil service positions (including vacant positions) by about 10 per cent (or 7,282 positions) from 2008 to 2011, after the financial crisis the number of these positions started increasing. For instance, the number of people employed in state and municipal institutions increased from 52,693 in 2012 to 55,098 in 2016. The ruling period of the 2016–2020 Government saw a decline in the number of civil servants to 53,066 at the end of 2018 (Fig. 10.1).

Although Lithuanian authorities train substantial numbers of civil servants every year, the results of such training are somewhat mixed. The share of the civil servants who successfully apply the acquired skills at work was estimated to be only about 57 per cent. The problems of staff instability, insufficient staff engagement during the process of training needs' assessment and insufficient motivation within the civil service constrained the use of knowledge gained during the training process. Furthermore, although the provision of training services contributed to the delivery of training priorities, their impact on the implementation of the main reform initiatives was limited due to a weak link between the identification of training needs and system-wide governmental reforms.[10] This

[10] PPMI. *Strategic evaluation of the effectiveness and impact of EU structural assistance on the improvement of public management in Lithuania* (2014). http://www.esparama.lt/es_parama_pletra/failai/fm/failai/Vertinimas_ESSP_Neringos/Ataskaitos_2012MVP/Einamojo_strateginio_vertinimo_galutine_ataskaita.pdf.

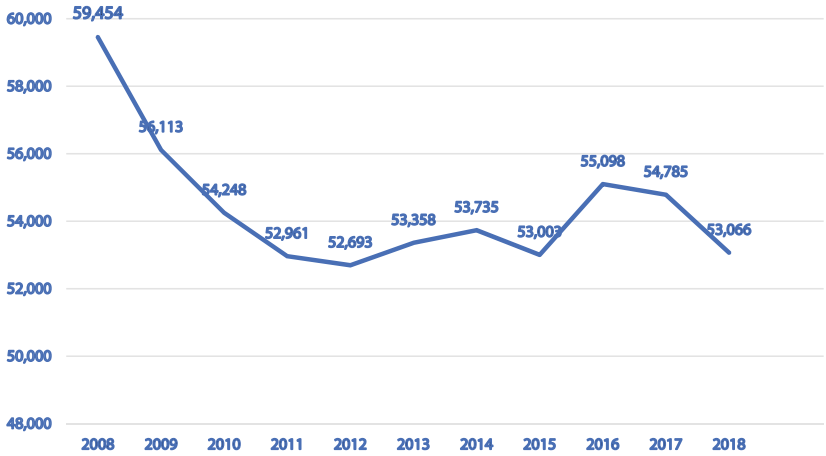


Fig. 10.1 Change in the number of civil servants and other employees actually working in state and municipal institutions, 2011–2018 (*Source* Civil Service Department, Ministry of the Interior [2018])

indicates the need for enhancing effectiveness in the use of ESF support to administrative capacity building in the country.

In a similar context, even though the scope of politicisation decreased during the first few years of Lithuania's accession to the EU due to the political conditionality of EU membership and "hard" influence mechanisms; in the following period—after meeting the Copenhagen political criteria and starting negotiations on EU membership—a higher level of politicisation was observed, which started declining again after EU membership. Therefore, the initial achievements of EU accession were not fully sustained in Lithuania because of a rather weak EU influence, which was extenuated by unfavourable political developments at the domestic level (Nakrošis and Bankauskaitė-Grigaliūnienė 2014).

10.4.5.2 Performance of the Lithuanian Civil Service System

The performance and quality of the Lithuanian civil service system could be assessed utilising a few indicators developed by the University of Gothenburg´s Quality of Government Institute (Thijs et al. 2018), whose values are calculated through the Quality of Government (QOG) expert survey administered to more than 1,000 experts by the Quality

of Government Institute at Gothenburg. These indicators allow one to compare the country's results against all EU Member States.

The impartiality index measures the extent to which government institutions exercise their powers impartially, as it is defined and stipulated in the policy or in law during implementation. Lower values—on a 1–7 scale—indicate a higher level of impartiality in public administration. According to the impartiality index, the ranking of Lithuania improved from 3.68 in 2012 to 2.55 in 2015, elevating the country's position in the EU28 by six places. The professionalism index measures the extent to which public administration is professional or politicised. Higher values indicate a more professional public administration. In contrast to impartiality, Lithuania lost three places in the professionalism index between 2012 and 2015 due to a small deterioration of its score—from 4.66 in 2012 to 4.55 in 2015. Moreover, Lithuania lost one position in the closedness index, which measures the extent to which the public sector labour market is a special case of the country's general labour market conditions.

In sum, Lithuania achieved a moderate ranking of its public sector employees among the EU28 for all three indices. This suggests that the country managed to establish a relatively professional and impartial administration, although room for further improvement still exists. The timing of different measures could explain the country's scores and their fluctuation. In 2012, a change of government brought some instability in terms of rules and staff. The situation was more stable in 2015, but the 2012–2016 government was somewhat more inclined to pursue politicisation policies in the Lithuanian civil service (Table 10.1).

A survey conducted in 2016 assessed public trust in the Lithuanian civil service. Using a scale of 1–10 (where higher values indicate a higher degree of trust), a total of 792 survey respondents expressed their trust to

Table 10.1 Impartiality, professionalism, and closedness of Lithuanian public sector (2012 and 2015)

Indicator	*Value 2012*	*EU28 rank*	*Value 2015*	*EU28 rank*
Impartiality	3.68	18	2.55	12
Professionalism	4.66	9	4.55	12
Closedness	5.61	10	5.30	11

Source Quality of Government Institute Gothenburg, adapted from Thijs et al. (2018)

be at 5.86. This moderate level score of public trust in the civil service was attributed to a still widespread public perception of civil servants as selfish rulers rather than serving society at large. Furthermore, the significant differences observed in the levels of public trust among survey respondents were explained by two main factors: (a) clients' satisfaction with the quality of services provided by civil servants; and (b) transparent and merit-based recruitment into the civil service.[11] This situation indicates that the country's citizens expect a mix of effectiveness and transparency in the performance of state and municipal institutions governed by the Civil Service Law.

10.5 Future Plans and Outstanding Issues in the Field of Public Administration and Civil Service

10.5.1 Political Agenda of the 2016–2020 Lithuanian Government

The 2016–2020 Lithuanian Government led by Prime Minister Skvernelis outlined a number of system-wide reforms necessary to implement its political programme and achieve other governmental commitments. In April 2017, the Government adopted its priority actions for 2018–2020, which include restructuring of the strategic planning and budget formulation system to increase results-orientation and to ensure fiscal sustainability. To implement this priority, the Lithuanian Government developed an action plan for improving the efficiency of the public sector, which sets out a number of tasks to be executed in the period 2017–2019.

The 2016–2020 Government also started reorganising the administration of Lithuanian ministries and agencies under the ministries. At the end of 2018, the Government approved the exemplary structures of these administrations that contain a few novelties. First, line units responsible for the formulation of public policy in Lithuanian ministries can be replaced with groups of ministerial advisors dedicated to solving complex and complicated policy issues. In this context, support groups

[11] *Valstybės tarnybos departamentas ir viešoji įstaiga* „PVC" [The Civil Service Department and the public organisation „PVC"]. *Studijos-tyrimo „Pasitikėjimo valstybės tarnyba veiksnių analizė, ir pasitikėjimo valstybės tarnyba didinimo galimybės" tyrimo duomenų analizė [Analysis of the data from the study "Analysis of trust in the civil service, and opportunities for increasing it"]* (Vilnius 2016).

to strategic decisions can be established in each ministerial administration reporting directly to a minister in order to coordinate the formulation and implementation of strategic policy decisions. Second, lawyers, instead of working in specialised legal divisions, may be assigned to policy and strategic groups to provide legal expertise during the policy formulation process.

It is assumed that the restructuring of ministerial administrations will add focus on policymaking and create more agility in the organisational performance of the Lithuanian ministries. On the other hand, another wave of administrative reorganisation will add to organisational instability in the Lithuanian central government. This political issue on the current government's agenda also points to the importance of improving policymaking capacities in confronting today's complex socio-economic challenges and moving beyond the dominance of law-making in the decision-making process.

10.5.2 Implementation of the 2018 Civil Service Law

Since the Civil Service Law regulated human resources management in a detailed way, it was difficult for the Government to make any human resource management related changes without introducing legislative amendments. The most recent Civil Service Law that was adopted by the Seimas in 2018 will somehow simplify the legal basis and will delegate more responsibility to the executive branch of government. If the Law is adequately implemented, this civil service reform will make the remuneration system and other human resource management related functions in the civil service more flexible, as well as it will introduce new financial incentives for civil servants, thus enabling civil service structures to swiftly adapt to the changing policy environment.

The 2018 civil service reform initiative is a hybrid between a career-based and a position-based model that grants heads of civil service structures more financial and non-financial management autonomy. Conversely, while it removes independent selection of civil servants, it also introduces a centralised system of selection for managerial and non-managerial civil servants. Following this development, there is a risk that the human resource management functions in the Lithuanian Administration will become dysfunctional, forcing the government to introduce modifications during the implementation process. Finally, incremental changes introduced to the country's civil service policy will not assist in

enhancing the attractiveness of the civil service. As a result, new reform initiatives are likely to emerge in the future.

10.5.3 Main Gaps in Lithuania's Civil Service Policy

Although Lithuania's civil service related legislation after EU accession remains in force, the country has not established a senior civil service yet. Senior managers are not formally defined as a special group of civil servants in the Civil Service Law, but their positions are considered exceptional (Kuperus and Rode 2016). The management of top positions is differentiated from the rest of the civil service only with respect to their recruitment, performance appraisal and training. Despite a few attempts to create a professional senior civil service, no sufficient political support has been mobilised for this reform in the *Seimas*, the Government and the President's Office. For instance, a proposal to establish a senior civil service in 2013—while the Lithuanian Social Democratic Party was in government—was dismissed on the grounds that it will create a new *nomenklatura* in the country's administration (Nakrošis 2018). Although the Civil Service Department developed several instruments and tools for the management of senior civil servants, their implementation by individual civil service authorities has been limited in the absence of mandatory legislation.

The civil service reform initiatives adopted in 2018 will introduce a few new measures for the management of senior civil servants in the country, e.g. a centralised selection of candidates for managerial positions, but it will not establish a higher civil service. Furthermore, the positions of ministerial chancellors will be transformed from career positions to those of personal (political) confidence, thus further increasing the level of structural politicisation in the ministerial administrations. This decision passed by a large majority in the *Seimas*, outside the framework of civil service reform at the end of 2018, points to strong political pressures for the management of top officials based on the principle of political (personal) trust rather than professional competence.

10.6 Conclusions and Lessons Learnt

Our research confirms that since the re-establishment of its independence in 1990, Lithuania has achieved a complete and irreversible break from the Soviet administrative system. A new civil service system has

been established and maintained by adopting, and subsequently modifying, the Civil Service Law, as well as establishing and strengthening the Civil Service Department as a capable civil service management structure. Furthermore, the administrative personnel of state and municipal institutions has undergone substantial change, since the 1900s, due to natural retirement or leaving the civil service (Pedersen and Johannsen 2018). Moreover, membership in the Communist Party no longer constitutes an important issue of politics in Lithuanian public debates. Therefore, the communist legacy has been almost fully eradicated in the administrative system in terms of both inherited institutions and cadres.

However, some issues of post-communist administrative transformation still remain important in Lithuania. First, building up the policymaking capacity of the country's ministries remains on the agenda of the Lithuanian government due to the domination of the legalistic approach during the decision-making process. Second, a combination of the country's fragmented administrative system and challenges to the political steering of individual state institutions leads to occasional calls for strengthening the political authority within the executive system or restructuring some state and municipal institutions. Third, the development of a professional civil service is not complete due to the dominance of political (personal) trust as a guiding principle in the management of senior managers. Some of these issues also tend to emerge on the agenda of other (non-Baltic) post-communist countries, pointing to some long-lasting effects of the common administrative legacy inherited from the former Soviet Union (Pedersen and Johannsen 2018).

Although the dissolution of the Soviet Union produced a rapid demise of the old patronage system, some old administrative networks and practices have been regenerated into new forms of politicisation, however within the realm of political parties' competition and the rule of law. Since 2009 Lithuanian authorities have expanded the scope of structural politicisation in the ministerial administration by gradually reducing the number of career civil service positions for senior managers. Although structural politicisation aims at exerting more political control over the bureaucracy, it is based on the old principle of personal (political) trust between politicians and top civil servants rather than on a combination of professional competence and political responsiveness that prevails in other modern European public administrations.

Furthermore, even though the level of *de facto* politicisation has declined after Lithuania's accession to the EU, professionalisation of the

civil service has not been even across different groups of state institutions. For instance, the Europeanised agencies have become more professional, but those operating in non-Europeanised policy areas have remained more politicised (Nakrošis and Bankauskaitė-Grigaliūnienė 2014). This situation has resulted in the existence of informal practices in some state and municipal institutions disguised through the formal façade of a professional administration.

If Lithuania's policy direction and institutional changes were driven primarily by the EU requirements in the pre-accession period, it is a set of national factors that explains public administration developments during the post-accession period. Due to some general institutional characteristics of the Lithuanian political system—its high fragmentation, lack of consensus among main parliamentary groups and weak political leadership—administrative changes have occurred mostly on an incremental basis. Our research confirms that since 2002 changes to the country's civil service have been mostly gradual. Wholesale changes of the Lithuanian governments in the absence of a senior civil service often prompted organisational restructuring and the replacement of senior managers based on the principle of political (personal) trust rather than professional competencies, including leadership and other skills that are necessary for implementing policy reforms in the country.

For instance, some fundamental civil service reform initiatives failed during the period 2008–2012 due to confrontational politics between the opposing political blocs in the parliament, as well as a constantly shifting political attention and weak change leadership in the Lithuanian government (Nakrošis et al. 2015). In addition, the involvement of civil servants who are personally interested in the impact of reform decisions on their employment conditions and their career stability makes it possible to resist radical changes to the civil service in the course of reform policy formulation and subsequent implementation. The case of the 2018 civil service reform illustrates that the ambitious proposals of civil service reform were diluted during reform policy deliberations involving different state institutions and civil servants.

Despite the slow and gradual change of public administration and of the civil service in Lithuania, the country's recent governments have been able to advance the agenda of strategic agility by introducing innovative structures for the ministerial administrations or making human resource management functions more flexible in state and municipal institutions (OECD 2015). This has been achieved in a framework of a professional

administration without dismantling the civil service legislation. However, it is too early to assess implementation of this agenda. The future will show to what extent the Lithuanian Administration will become more strategic and agile while addressing complex socio-economic issues and adjusting to a constantly changing policy environment.

For instance, the outbreak of COVID-19 (a new coronavirus disease) tested the capacities of the whole Lithuanian Administration and the resilience of its health authorities in particular. In response to the rapid escalation of this disease in the world, in March 2020, the Lithuanian Government announced an emergency situation and introduced a nationwide quarantine by adopting some prohibitions of and restrictions on economic activities and social life. In order to effectively manage the emergency situation, the Government set up a state operations centre headed by the Minister of Health Care and a specific cabinet committee. The country's response to COVID-19 initially suffered from technical difficulties and implementation delays, but the Lithuanian authorities were able to quickly and substantially reduce the spread of the coronavirus by May 2020. An in-depth study on the management of this specific crisis has the potential of drawing valuable lessons on the adequacy of the country's response, the capacities of specific institutions, and the leadership of individual top managers.

Overall, the Lithuanian civil service reforms undertaken during the period 1990–2018 offer two main lessons to other post-communist countries of the former Soviet Union. First, the policy framework for the establishment of a professional administration should be properly designed to provide for the efficient application of human resource management practices at the organisational level. Simply complying with external requirements and relying on a legalistic approach alone are not sufficient conditions for achieving the goals of civil service policy. Appropriate organisational capacity and enhanced autonomy should be developed by individual civil service structures to manage their human resources in a professional manner. Second, the extensive structural politicisation of ministerial administrations and the persisting *de facto* politicisation of senior managers in Lithuania points to the need to develop effective and trustful relationships between executive politicians and ministerial managers. Patronage practices are likely to persist in the appointment, management, and dismissal of civil servants holding managerial positions until professional competences and political responsiveness are adequately balanced within a senior civil service. Developing a capable senior civil

service with strong leadership skills is essential for the successful design and execution of major policy reforms at the interface of politics and administration in the post-communist countries.

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CHAPTER 11

Transition of the Civil Service System in the Republic of Moldova

Adrian Ermurachi and Mihai Furnica

11.1 Introduction

Moldova—officially the Republic of Moldova—is a landlocked country located in Eastern Europe, bordered by Romania to the west and Ukraine to the north, east, and south. The total length of its national boundaries is 1,389 km, of which 939 km with Ukraine and 450 km with Romania. The capital city is Chișinău. The Republic of Moldova belongs to the group of countries located in the Black Sea Basin. It maintains close mutually advantageous commercial ties with these countries, as well as with the countries located in the Danube Basin. The southern border of the country extends almost as far as the Black Sea, which can be accessed through the Nistru Liman and the Danube Rivers. It occupies an area of 33,843.5 km^2, with a population of over 2.9 million people (according to

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A. Baimenov and P. Liverakos (eds.), *Public Service Evolution in the 15 Post-Soviet Countries*,
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the 2014 census), being composed of various ethnic groups: about 82 per cent Moldovans/Romanians, 7 per cent Ukrainians, 5 per cent Russians, 4 per cent Gagauzians, with the remainder consisting of other smaller ethnic groups. The Romanian language, written in the Latin script, is designated as the official language, but guarantees are provided for the use of Russian and other languages.[1]

Moldova gained its independence in 1991 and like many former Soviet Republics, it suffered hard from the disruption and disintegration of its traditional economic and trade relations. The country was also adversely affected by the abrupt increase in external prices, especially for energy resources, on the imports of which it depends almost completely. Immediately after the collapse of the Soviet Union and the declaration of independence. Moldova has been deeply involved into a profound process of metamorphosis in all areas: political, economic, social, and administrative.

The current Constitution was adopted in 1994. Moldova is a member state of the United Nations (UN), the Council of Europe (CoE), the World Trade Organisation (WTO), the Organisation for Security and Cooperation in Europe (OSCE), the GUAM Organisation for Democracy and Economic Development, the Commonwealth of Independent States (CIS) and the Organisation of the Black Sea Economic Cooperation (BSEC). It also aspires to join the European Union.

11.2 Political, Economic, and Social Context

11.2.1 Political System

Moldova declared independence on 27 August 1991. Following its declaration of independence, Moldova substituted the old Soviet Constitution of 1978 by adopting a new fundamental law on 29 July 1994. The new Constitution introduced the institutional framework of Moldova's current political system. It provides for a unicameral Parliament, a popularly elected President, and substantial autonomy to the regions of Gagauzia and Transnistria.[2] In 2000, a constitutional amendment endowed the

[1] Constitution of the Republic of Moldova, Article 13, paragraph 2; https://www.legis.md.

[2] However, Transnistria, situated on the east bank of the river Dniester is not controlled by the constitutional authorities of the Republic of Moldova.

Parliament with the power to elect the President. In light of the Parliament's failure to do so, a referendum in 2010 tried to reintroduce direct presidential elections to the country but it failed as the turnout requirements were not met. Later, after a Constitutional amendment was passed, the President was again elected directly by popular vote.[3] The Republic of Moldova has a multi-party political system and a proportional representation electoral system, where each party participates in the election with a list of individual candidates.

11.2.2 The Executive

The President is the Head of State and Commander-in-Chief of the Armed Forces. The President is competent to initiate laws and address the legislature on several matters. He enjoys the right to dissolve the Parliament and suspend Acts of the Government under certain circumstances. His duties moreover include negotiating and concluding international treaties, accrediting high officials, conferring medals and other honorary ranks, resolving citizenship disputes, as well as granting political asylum and individual pardons. Following a Constitutional Court decision, the President is no longer elected by a three-fifths majority of the legislature, but rather by direct elections. After two consecutive terms of office, re-election is precluded. As a precondition, the President must be proficient in the national language, must have lived in the country for no less than ten years, and must be at least 40 years of age.

The powers and duties of the Prime Minister include informing the President of "matters of special importance" and nominating and coordinating the Government. Nominated by the President, the Prime Minister's appointment is subsequently approved by Parliament through a vote of confidence. The government's task is to implement the domestic and foreign policy of the state. A "specific programme of activities" is subject to approval by the Parliament and serves as a policy guideline for the government. Aside from the Prime Minister, the Government comprises the first Vice Prime Minister, the other Vice Prime Ministers, Ministers, and other persons specified by organic law.[4]

[3] Constitutional Court Decision (4 March 2016).

[4] Law on the Government, № 136/2017, Article 10, paragraph 1.

11.2.3 The Legislative

The unicameral Parliament enjoys vast oversight powers over the executive branch. It is the country's supreme representative body, and its 101 members are elected for a four-year term, through a proportional representation electoral system. This term may be shortened through dissolution or extended for one year in the event of a war or a natural disaster or any other catastrophic event. The right to initiate legislation is granted to the Parliament, the President, the Government, and to the People's Assembly of the Gagauzian region.[5] In addition to its far-reaching institutional autonomy, the legislature has many different competencies, including the powers to enact legislation, control the executive, interpret laws, ensure the uniformity of legislation in Moldova, call for referendums, approve the overall direction of domestic and foreign policy, as well as of military policy. Furthermore, it is responsible to approve international treaties and the state budget, grant amnesty, and declare a state of emergency.

11.2.4 The Judiciary

The judicial system consists of the Supreme Court of Justice, the Courts of Appeal, and the Courts of Law.[6] According to the Constitution, courts of Exception are forbidden.[7] The structure and competencies of the courts are established by organic law.[8] The judges are appointed by the President of the Republic, at the proposal of the Superior Council of Magistracy.[9] Judges are appointed for a five-year term, at first, followed by a ten-year term. Subsequently judges are appointed until the age of retirement. Article 116 of the Constitution states that judges "*are independent, impartial and immovable according to the law*".

Pursuant to the Constitution, the Constitutional Court is "*the sole authority of constitutional judicature*" and "*independent of any other public authority and obeys only the Constitution*". Among others, the six

[5] Constitution of the Republic of Moldova, Article 73.

[6] Constitution of the Republic of Moldova, Article 115, paragraph 1.

[7] Constitution of the Republic of Moldova, Article 115, paragraph 3.

[8] Law on Judicial Organisation, № 514/1995.

[9] Constitution of the Republic of Moldova, Article 116, paragraph 2.

judges of the Constitutional Court shall guard the implementation of the notion of the separation of state powers into the three branches. Once appointed, judges of the Constitutional Court cannot be removed.

11.2.5 The Administrative System

In the 1990s, Central Eastern European countries began to implement legal, institutional, political, and economic reforms, as well as comprehensive public administration reforms. The Republic of Moldova was no exception as it also pursued political and legal changes forming the basis of Moldova's autonomy. The transition from communism to democracy, the strengthening of national political stability and of administrative bodies and the reform of central and local governments were managed by restructuring domestic legislation.

The transition to a market economy, break-up of the former administrative system and other events that unfolded along with the independence of the Republic of Moldova, are processes that affected various activity aspects of society. The functioning of the state of law, strengthening of the civil society, and adoption of market mechanisms in conditions of a substantial structural crisis that accompanied independence towards its consolidation are just a few of the issues addressed. Given these conditions, rethinking the role of public authorities with respect to society and reforming the central public administration constituted the key elements in the country's democratisation and the achievement of its European Union integration objective, towards which Moldova is aspiring (Box 11.1).

Box 11.1: Spatial administrative organisation in Moldova

The territory of the Republic of Moldova is organised into the following administrative units:

District is an administrative-territorial unit made up of villages (communes) and cities united by economic, social, and cultural relations (Law on the Administrative-Territorial Organisation of the Republic of Moldova, № 764/2001, Article 10).

City is the administrative-territorial unit, which is more developed than the village from the economic, social, and cultural point of view. It comprises the urban population employed in economic, industrial, and

commercial structures, as well as in the field of public services and in other fields of intellectual activity.

Municipality is a locality of urban type with a special role in the economic, social, cultural, scientific, political, and administrative life of the country, with important industrial and commercial structures and institutions in the field of education, protection of health and culture (Law on the Administrative-Territorial Organisation of the Republic of Moldova, № 764/2001, Article 7).

Village is an administrative-territorial unit which comprises the rural population united by the territory, geographical conditions, economic, social, and cultural relations, and traditions and customs. Two or more villages, depending on the economic, social, cultural, geographical, and demographic conditions can be united forming a single administrative-territorial unit called the commune (Law on the Administrative-Territorial Organisation of the Republic of Moldova, № 764/2001, Article 5).

Commune is the administrative territorial unit which comprises the rural population united by the community of interests and customs.

The territory of the Republic of Moldova is organised into three administrative-territorial levels: districts, cities, and villages. The statutes of village (commune), district, and city (municipality) are elaborated based on a framework statute—as enacted by the Parliament of the Republic of Moldova—and they are approved by local government councils.[10]

Following the adoption of the Law "On Regional Development", in 2006, regions of development were established with the goal to stimulate investment and to ensure sustainable development.[11] In this context, the establishment of administrative-territorial units—with authority to provide high-quality public services to their inhabitants, while ensuring local democracy, as well as respect for universal values such as human rights, gender equality, and social inclusion—has been one of the most important tasks of the reforms.

The Republic of Moldova comprises 898 local authorities of level I (cities, villages, and communes) and 35 local authorities of level II (32

[10] The administrative territorial organisation consists of two levels: villages (communes) and cities (municipalities) constitute the first level; and districts, the Chisinau and Balti municipalities constitute the second level.

[11] Law on Regional Development in the Republic of Moldova, № 438/2006.

districts, 2 municipalities, and 1 autonomous district—Gagauzia). The average number of inhabitants in a level I administrative-territorial unit is 2,753. At the same time, 318 of these units (35 per cent) have less than 1,500 inhabitants, although the minimum number of inhabitants in a community must be at least 1,500 to form an administrative-territorial unit, according to legal provisions.[12] Hence, the administrative structure of the Republic is characterised by a pronounced fragmentation.

Fragmentation is considered a major problem as it leads to economic inefficiency due to low fiscal capacity of such administrative units, high vertical fiscal imbalances, as well as high administrative expenditures, and limited institutional capacities, among others. It is also a cause for lack of provision of basic local services, especially in rural areas where the majority of the poor live (65.8 per cent). Consequently, most local public authorities are not able to provide efficient and citizen-oriented public services at the present time, as about 840 of them are only limited to representative functions. Implicitly, this situation has a negative impact on the development potential of the rural population; comprising about 66 per cent of the total.

11.2.6 Economic Context

The extent of Moldova's economic collapse exceeded that of all the other former Soviet Republics following the break-up of the Soviet Union. This was reflected not only in the dislocation related to the secession of Transnistria shortly after independence, but also in the unusually severe terms-of-trade shocks suffered by Moldova at that time. During the communist era, Moldova sent its agriculture-related output to markets throughout the Soviet Union and it received subsidised energy imports in return. Following the country's independence, this arrangement collapsed spectacularly, and Moldova found itself cut off from its traditional export markets as well as facing an exponential increase of its energy import costs, as Russian energy prices adjusted to world levels. By the late 1990s Moldova's official economy had shrunk to around two-fifths of its late Soviet size, in contrast to most of the former communist economies in Central Europe, which had managed to return to 1990 levels.

[12] Law on Local Public Administration, № 436/2006, Article 11.

However, immediately after gaining independence, Moldova embarked on ambitious structural reforms aimed at the transition towards a market-driven economy. Notwithstanding continuous economic hardship, Moldova has, with few exceptions, been committed to the economic reform programme supported by international institutions such as the European Union (EU), the European Bank for Reconstruction and Development (EBRD), the World Bank (WB), and the International Monetary Fund (IMF). Reform policies have essentially been aimed at macro-economic stabilisation, market liberalisation, and privatisation. Similarly, responsible monetary policies gradually brought a relatively quick end to the hyperinflation experienced in the early 1990s, while liberalised trade policies (on paper at least) paved the way for Moldova to become one of the first CIS countries to join the World Trade Organisation (WTO). These achievements in moving towards a market economy—or at least a hybrid version—have nevertheless failed to bring any significant improvements to the lives of most Moldovans. Furthermore, due to a decrease in industrial and agricultural output, following the dissolution of the Soviet Union, the service sector has grown to dominate Moldova's economy and currently contributes over 60 per cent to the nation's GDP.

The year 2014 is a historical landmark for the Republic of Moldova, as the country signed the Association Agreement with the European Union, which established a Deep and Comprehensive Free Trade Area (DCFTA).[13] As part of the DCFTA, the parties are committed to remove import duties for most goods traded and to provide for a broad mutual access to trade in services. Furthermore, by signing this document, the Republic of Moldova committed itself to develop democratic institutions, in line with the European Union standards and rules. Thus, the reform of the public administration system is part of a complex process of approximation of the country to the EU standards.[14]

[13] The DCFTA is characterised as 'deep and comprehensive' since it encompasses a far-reaching regulatory approximation and market access liberalisation, in line with the rights and obligations arising out of WTO membership and EU prospective membership of Moldova.

[14] Therefore, at the request of the Government and with the support of the European Union, a baseline assessment of the Moldovan Public Administration was launched in October 2015, which is a complete picture of the public administration of the Republic of Moldova from the perspective of principles of public administration as elaborated by SIGMA; http://www.sigmaweb.org/publications/Principles-ENP-Eng.pdf.

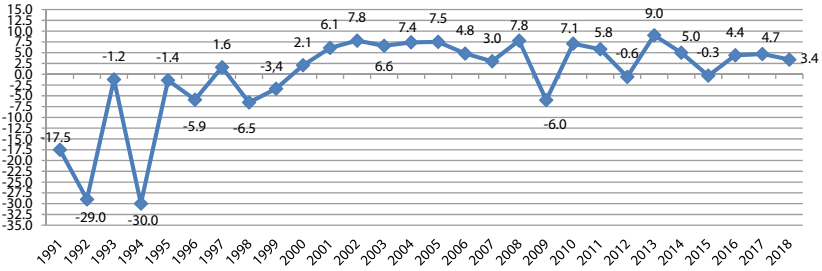


Fig. 11.1 GDP percentage growth in the Republic of Moldova (1991–2018) (*Source* National Bureau of Statistics of the Republic of Moldova [2019])

The evolution of the Gross Domestic Product (GDP), as a core indicator of economic growth, has been extremely sinuous over the past two decades. Since 1994, the average annual growth rate of GDP was about 2.7 per cent, so that in 2017 the GDP was 89.6 per cent higher than it was in 1994. In the period 2010–2017, GDP grew 4.5 per cent annually on average.[15] The GDP per capita increased from USD 400 in 1995 to USD 2,291 in 2017.[16] As a result, the Republic of Moldova has advanced from a low-income to a middle-income level country (Fig. 11.1).

The Republic of Moldova ranks 107th out of 189 countries in the Human Development Index (HDI)—a measurement of national achievements in health, education, and income levels. Between 1990 and 2017, Moldova's HDI value has increased by 8.9 per cent.[17] Between 1990 and 2018, life expectancy at birth increased by 4.2 years, reaching 76 years for women and 67.4 years for men (Fig. 11.2).

Moldova ranks 48th among 190 economies in the Ease-of-Doing-Business Index, according to the latest World Bank annual ratings. The Ease-of-Doing-Business score for Moldova averaged 70.64 points from 2008 to 2018, reaching an all-time high of 108 in 2008 and a record low of 44 in 2016.[18]

[15] https://data.worldbank.org/indicator/ny.gdp.mktp.kd.zg?locations=eg.

[16] FMI, World Economic Outlook Database, October 2017.

[17] http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MDA.pdf.

[18] https://tradingeconomics.com/moldova/ease-of-doing-business.

Moldova is the 120th largest export economy in the world and the 76th most complex economy according to the Economic Complexity Index (ECI). In 2017, Moldova exported USD 2.96 billion and imported USD 5.07 billion worth of goods and services, resulting in a negative trade balance of USD 2.11 billion. The same year, the country's GDP was USD 8.13 billion and its GDP per capita USD 5,700 (Fig. 11.3).[20]

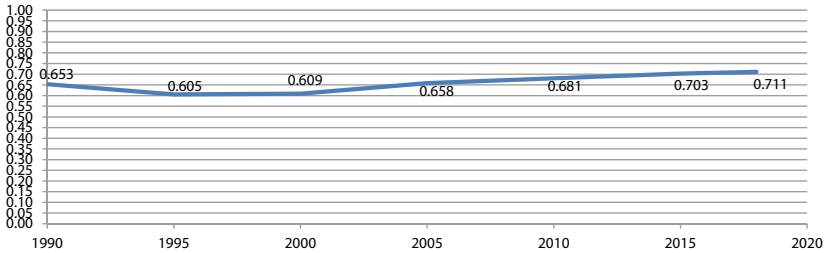


Fig. 11.2 HDI scores of the Republic of Moldova (1990–2018) (*Source* Human Development Report [UNDP, 2019])

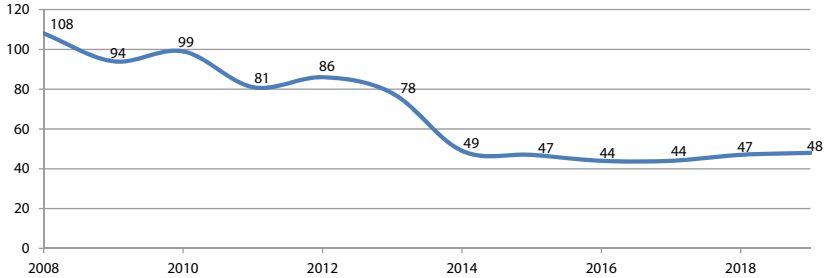


Fig. 11.3 Ease of doing business for the Republic of Moldova (2008–2019) (*Source* Ease of Doing Business [World Bank, 2019][19])

[19] https://data.worldbank.org/indicator/ny.gdp.mktp.kd.zg?locations=eg.

[20] The top exports of Moldova are insulated wire (USD 349 million), sunflower seeds (USD 224 million), wheat (USD 147 million), using the 1992 revision of the Harmonised System (HS) classification. Its top imports are refined petroleum products (USD 475 million), packaged medication (USD 209 million), cars (USD 168 million), insulated wire (USD 144 million) and broadcasting equipment (USD 98.2 million). The top export destinations of Moldovan products are Romania (USD 729 million), Italy

The Gender Inequality Index score, interpreted as the loss in human development due to inequality between female and male achievements, is 0.228 for Moldova, ranking the country at 50th place out of 162 countries in 2018.[21]

11.3 Public Administration Reform

Public administration reform is a complex and important process for the sustainable development of the Republic of Moldova. A functional and professional public administration is a precondition for an effective, democratic, transparent, and accountable governance. Success of the reforms depends on building a modern public administration, which will lead to the improvement of the quality of public services provided to citizens, to transparency of the activities of state institutions and reduction of bureaucratic red tape and corruption, as well as assist in stimulating competitiveness and economic development in the country.

In other words, a well-functioning public administration will enable governments to achieve their policy objectives and ensure their proper implementation, thus promoting political efficiency and stability and benefiting both the state and the individual. On the contrary, an inadequate public administration will cause delays, inefficiency, uncertainty, presence of corrupt practices, and other forms of maladministration, which inevitably lead to citizens' resentment, disappointment, resistance, and protest against the state and its institutions; a state of affairs that undermines the legitimacy of the government and can lead to a failing state. In sum, an accountable and transparent public administration is key to democratic governance and economic development and in line with the UN Sustainable Development Goals.[22]

(USD 301 million), Russia (USD 279 million), Germany (USD 206 million) and the United Kingdom (USD 148 million). The top imports originated from Romania (USD 729 million), Ukraine (USD 636 million), China (USD 500 million), Germany (USD 411 million) and Russia (USD 409 million); https://atlas.media.mit.edu/en/profile/country/mda/.

[21] https://www.md.undp.org/content/dam/moldova/img/HDR/Moldova%20(Republic%20of).pdf.

[22] By adopting the 2030 Agenda globally in 2015, 17 sustainable development goals were established, aiming to guide development policies of the United

Public administration reform is also considered a pre-condition for the implementation of any other reform in any policy sector and for the implementation of the important commitments made explicit in the EU Association Agreement and the UN Sustainable Development Goals. Over the last two to three years Moldova has in fact gone through a large and intensive reform process at all levels, undergoing major changes, both in terms of quality and quantity. Such reforms relate to the reorganisation of the central and sub-national levels, enactment of several new pieces of legislation in conformity with EU norms, and improvement of transparency in the decision-making process. The goal of this great reform effort is to put in place a modern and efficient public administration system aligned with the principles of good governance applied in the European Union Member States.[23]

Moldova has adopted several strategies and policy papers on reforming central and local public administration, as well as on the modernisation of public services.[24] Some of the most important ones are: the Strategy on Public Administration Reform for 2016–2020;[25] the Action Plan for the years 2016–2018 for the implementation of the Public Administration Reform Strategy for the years 2016–2020;[26] the Action Plan for the reform and modernisation of public services for the years 2017–2021;[27] the National Decentralisation Strategy and the Action Plan on Strategy Implementation for Decentralisation for the years 2012–2018, etc.[28]

Nations' member countries over the next 15 years. United Nations Sustainable Development Goals (2015); https://www.un.org/sustainabledevelopment/sustainable-development-goals/. Specifically, taking into account the need to develop an effective governance based on the rule of law in order to achieve the Sustainable Development Goals, UN member countries, including the Republic of Moldova, agreed on Goal 16 "Peace and justice, strong institutions", whereby they have committed to "*develop effective, accountable and transparent institutions at all levels*" (target 16.6) and "*ensure responsive, inclusive, participatory and representative decision-making at all levels*" (target 16.7).

[23] http://www.sigmaweb.org/publications/Principles-ENP-Eng.pdf.

[24] The organisational and functional structure of public administration authorities is established through vertical and hierarchical subordination and comprises various authorities on numerous levels. The government represents the top authority or central body of the executive power. It exercises the general management of public administration.

[25] http://www.legis.md/cautare/rezultate/100973.

[26] http://www.legis.md/cautare/rezultate/96817.

[27] http://www.legis.md/cautare/rezultate/110574.

[28] http://www.legis.md/cautare/rezultate/94917.

The findings of the assessment of Public Administration in Moldova—completed by SIGMA in 2015, in light of the on-going reforms—indicated that the country was performing well but still missing a unified and clear strategy and vision on the implementation of PAR.[29] Coordination mechanisms for sectoral strategies and an alignment with the budgetary framework were basically missing. It was also concluded that policy development procedures were often not unified and coordinated, nor institutions were always collaborating and coordinating policy development efforts. Based on its findings, the SIGMA assessment concluded that the lack of clear procedures for policy development and implementation monitoring led to inefficiencies in policy creation and implementation. The Government took quick action, and those findings and recommendations were addressed in the Public Administration Reform Strategy 2016–2020 by including topics related to policy coordination and collaboration in the specific actions of the Strategy. Furthermore, in order to establish the strategic direction and efficiency of the implementation process of the reforms, the Government established the National Council for Public Administration Reform and the Centre for Reform Implementation.

The National Council for Public Administration Reform (NCPAR) is a high-level decision-making platform led by the Prime Minister and composed of representatives of the Government and the Parliament. The mission of the Council is to ensure an integrated process of strategic planning, implementation, and monitoring of Government policies in the field of public administration reform, both at the central and local levels. Its mission also includes correlating national policies with sectoral policies, as well as with international commitments in an efficient manner.[30] Conversely, the mission of the Centre for Reform Implementation is the effective and coordinated implementation of government reforms, the creation of a modern and efficient administration system, the assessment of the implementation of reforms by various public authorities and organisational structures, and the cooperation with international institutions to

[29] http://www.sigmaweb.org/publications/Baseline-Measurement-Moldova-2015.pdf.

[30] Government Decision № 716/2015 on the National Council for Public Administration Reform.

utilise external assistance and to transpose best management practices in public administration.[31]

The Public Administration Reform Strategy 2016–2020, approved by the National Council for Public Administration Reform, and adopted by the Government later that year, together with the PAR Action Plan for 2016–2018, focused on enhancing accountability, improving the policy cycle, and for providing better service delivery and better management of public resources.[32] Thus, the Action Plan 2016–2018 was a first step focused on putting in place the legal framework; however little was achieved in implementing this framework. Transparency and accountability, as well as proper monitoring still lag behind; hence, they were both a priority for the period 2019–2020. The same is true for the establishment of efficient coordination structures within and across the newly formed ministries and their subordinated organisations.

The most recent results of public administration reform efforts are:

- Adoption of a new Law on the Government, followed by the approval of a new Government Regulation and of the related legal framework necessary to move towards a flexible governance model based on modern principles of public affairs' administration;
- Improvement of the organisational and functional legal framework of ministries, by standardising their organisation and functioning regulations, establishing internal structures, and assessing and re-engineering their business processes;[33]

[31] Government Decision on the Centre for Reforms Implementation, № 11/2017.

[32] Government Decisions № 911/2016 on approval of the Public Administration Reform Strategy for 2016–2020, and № 1351/2016 on approval of the Action Plan for 2016–2018, as part of the implementation of the Public Administration Reform Strategy 2016–2020.

[33] Government Decision for the approval of the Type-Structure of the Regulation on the Organisation and Functioning of the Ministry, № 595/2017. These actions helped, in effect, to establishing clear and coherent administrative procedures oriented towards streamlining the work of ministries, including the application of unique functional and financial management tools, and creating a friendly environment in relation to citizens.

- Streamlining of the central public administration structures by optimising the number and functions of governmental public institutions, including the reduction of the number of ministries from 16 to 9;[34]
- Consolidation of the public property management system and state participation in the national economy, including the transfer of the Agency of Public Property to the direct subordination of the Government and of the core functions of all state enterprises to the Agency. The measures taken have had a strong impact in the field of anti-corruption, as well as on improving public property management, implicitly limiting political influence in the management and administration of state-owned enterprises;[35]
- Adjustment of the legal status of several public authorities in relation to public administration and public finance, e.g. National Agency of Auto Transport, Naval Agency, Civil Aviation Authority, State Agency on Intellectual Property, Agency for Payments and Interventions in Agriculture, and the Energy Efficiency Fund;
- Creation or reorganisation of important institutions such as the National Agency for Food Safety, Agency for Interethnic Relations, Agency for Investments, National Archives Agency, Material Reserves Agency, National Agency for Quality Assurance in Education and Research, Agency for Consumer Protection and Market Surveillance, Agency for Technical Supervision, National Agency for Public Health;
- Clear delimitation of political and administrative functions by strengthening the role of the state secretary generals. Political positions in the governance model have been replaced by apolitical ones, for which candidates are selected through competition, based on professionalism-related criteria and technical and managerial skills;
- Strengthening the mechanisms for monitoring and accountability of the public administration authorities in the way they exercise their powers. This is reflected in the establishment of the Prime Minister's Control Body, which is responsible for monitoring and systematic

[34] The reorganisation of ministries has helped to optimise 882 functions by reducing them from 2,050 to 1,168 and facilitating a significant increase of salaries—of about 50 per cent—by reallocating the finances originally provided for the eliminated functions.

[35] Government Decision for the approval of organisation and functioning of the Public Property Agency, № 902/2017.

control of the way governmental authorities exercise their functions, as provided by the relevant normative framework and the tasks set forth in Government Acts, as well as in the Government Activity Programme and in other public policy documents;[36]
- Re-organisation of the State Chancellery and expansion of its competences to include the functions related to the coordination and monitoring—at the national level—of the process of harmonisation of the country's legislation with that of the EU, as well as of the compatibility of draft normative acts with this new norm;
- Setting up of the Local Public Administration Working Group, which contributes to identifying proposals for solving problems in the field of local public administration.[37]

Furthermore, some of the most recent public service modernisation reforms undertaken are:

- Establishment of the Agency of Public Services, in April 2017, an organisation that encompasses the management and delivery of all important public services, including issuance of permitting documents. The Agency operates One-Stop-Shops (OSS) catering for the needs of citizens and businesses alike. This new concept is designed to make public services more accessible and transparent through a modern approach based on e-Governance tools;[38]
- Finalisation of the preliminary version of the Public Services Nomenclature;[39]

[36] Government Decision on the Prime Minister's Control Body, № 790/2017.

[37] The Government's disposition on the creation of a working group on local public administration, № 85-d/2018. In order to ensure the monitoring on accountability and transparency matters of local authorities, all such authorities have the obligation to include all normative acts issued—first and second level local councils decisions, provisions of mayors and heads of districts, other local public authorities acts, which are subject to mandatory and optional control for their legality—in the State Register of Local Acts, in accordance with the regulatory framework in place.

[38] Government Decision on the establishment of the Public Service Agency, № 314/2017. 38 multifunctional centres have been opened to date, which provide comfortable service provision conditions, thus improving the quality of public services delivery and resulting to savings in time and financial means.

[39] A comprehensive register of all public services provided.

- Development of the draft Methodology for Citizen-Centred Public Service Reengineering (2017). The Methodology is currently piloted on the redesign of three governmental services, e.g. provision of unemployment allowances, determination of disability and work capacity, and issuance of driver licenses;
- Creation of a Methodology regarding the digitalisation of public services;
- Establishment of Minimum Quality Standards for administrative public services (in progress);
- Preparation of a Feasibility Study on platforms for piloting Universal Centres for Public Services Delivery in innovative provision of public services through differentiated channels of delivery, and accessible by users from different localities of the Republic;
- Delivery of about 50 e-Governance products (information systems) and over 50 public service delivery-related applications to date, e.g. Mpass, Msign, Mpay, Mconnect, etc.

The process of optimising the structures of the Government, reviewing the competencies of the Ministries, and establishing and/or reorganising a number of other subordinate government organisations and institutions has implicitly led to the reconsideration of responsibilities and competencies across the full spectrum of the central and local government administration.[40] In reconsidering the allocation of responsibilities, competencies, and functions of all government administration, the notions of local autonomy, decentralisation of public service delivery and accountability and consultation with local citizens on local issues of particular interest were taken into account.[41] The actions related to administrative decentralisation—in accordance with the provisions of the National Decentralisation Strategy[42]—are also correlated with the vision of the re-organisation of the central public administration.

[40] Central, regional, and local authorities (levels I and II).

[41] Moldova ratified the European Charter of Local Self-Government, in 1997, thereby committing to respect the effective right of local governments to regulate and manage a substantial share of public affairs under their own responsibility and in the interest of the local population. Parliament Decision on ratification of the European Charter of Local Self-Government, № 1253/1997.

[42] Approved by the Law № 68/2012.

Regarding the local public administration system, the reform activities were predominantly oriented on financial aspects. In order to consolidate the basis for generating local government revenues and ensuring autonomy in their decision-making processes—according to the provisions of the European Charter of Local Self-Government—several amendments were adopted to the legal framework. The main changes were aimed at introducing a system of efficient maintenance of local public roads by allocating 50 per cent of the total amount of road usage-related taxes collected to local authorities' administrations. Furthermore, important actions have been taken to strengthen the financial autonomy of local authorities and to maximise their efficiency in allocating budgetary resources such as reviewing the existing local income regime in order to reduce over-regulation and micro-management of their affairs by the central Administration.

Moreover, in order to promote direct dialogue with the local public administration authorities and to provide a platform for operative and efficient consultation on topics of interest to them, Local Public Administration Working Groups were set up. The Working Groups contribute to identifying proposals for solving problems pertinent to local public administration and elaborating recommendations for improvement of the normative and public policy framework, in the context of the central and local public administration reform. Additionally, a Joint Decentralisation Commission was established, as a consultative body for the facilitation of the decentralisation process, as well as for working with the Government in setting up the study, promotion, and monitoring of the decentralisation process.[43]

11.4 Civil Service Reform

Continuity, sustainability, and impact of all reform initiatives require primarily significant and capable human resources. In other word, without having in place professional and highly motivated civil servants, who can employ good governance principles and procedures in their work, expected results may be uncertain. After all, the development of a prosperous society implies the existence of a public administration capable of providing quality services to the population of the country.

[43] Government Decision № 608/2010 for the implementation of some provisions of the Law № 435–XVI on administrative decentralisation (28.12.2006).

Consequently, a public administration system cannot be well-functioning and efficient, and it cannot accomplish its mission only on the basis of a package of laws, rules, norms, and regulations. This is because the efficiency of public administration depends, to a large extent, on the system of human resources management employed by public authorities, as well as on the level of professionalism of civil servants, their integrity and honesty and their orientation towards adequately satisfying the legitimate needs and interests of the citizens. In this context, the management of the civil service and of the civil servants has a substantial impact on the lives of citizens and on both the private and public sectors of the economy. Thus, the multiple components of personnel policy, including recruitment and selection of staff, employment, evaluation, professional and career development, remuneration, incentives, social protection, dismissal, etc, have evolved over the years since independence to achieve this goal.

11.4.1 Stages of Reform

The evolution of the civil service and civil servants' management over the past thirty years, in Moldova, can be divided into the following periods: [i] 1990–2004; [ii] 2005–2008; [iii] 2009–2015; and [iv] 2016 to date. This breakdown is determined by outstanding events that have shaped the development of the civil service during the course of the past 30 years.

(i) ***1990–2004***

The Declaration of Independence, adopted on 27 August 1991, established that the Republic of Moldova is a sovereign, independent, and democratic state "*free to decide its present and future, without any interference from outside; and in accordance with ideals and aspirations of the holy people of the nation in the historical and ethnic space of its national becoming*". The public authorities of the Republic emerged out of the ex-Soviet authorities, aiming to manifest themselves as organs possessing full powers in the conditions of an independent state. Further evolution in the political realm led to the adoption of the Constitution of the Republic of Moldova (29 July 1994), which opened the way for establishing the legal framework based on the rule of law and the legal status of public servants

through a number of regulatory acts, such as the Law on Government, the Public Service Law, etc.[44]

Subsequently, the Civil Service Law № 443/1995, which entered into force on 1 January 1996 regulated the most important aspects of the activities of the civil servants, i.e. the multitude of notions such as "public function", "civil servant", "separation of political from administrative functions", "labour contract", "service report", "determination/delegation of job duties", "civil service occupation", "probation period", "activity assessment", "career development", "professional development", "civil servant liability", "cessation of activity", and "institutional framework".

Fulfilment of the provisions of this Law was ensured by several governmental decisions concerning various aspects of the civil servants' administration, including the: [i] single classifier of public functions; [ii] organisation of competitions for vacant civil service positions; [iii] salaries of civil servants and persons performing technical work that ensures the functioning of the public authorities on the basis of the Single Tariff Network; and [iv] ways of calculating working time in order to reward civil servants with appropriate compensation. The implementation of the normative framework provisions in this field, undoubtedly, contributed to the advancement of the public service.

However, certain constraints still existed. Thus, the Parliament's Decision № 1213 (11 July 2002) on the results of the civil service law implementation focused on initiating some changes. It expedited the examination of the Concept on personnel policy, and it initiated the drafting of legislation determining the status of civil servants. In this context, the Concept on Civil Servants Policy played a rather important role, being the first public service policy document in the Republic of Moldova.

The introduction of the Concept was preceded by a comprehensive review of relevant documentation, as well as a study of practicing civil service systems in other countries, e.g. the Russian Federation, the United Kingdom, France, Japan, China, Italy, Denmark, Greece, etc. It was also preceded by an in-depth analysis of factors affecting the process of forming a body of professional civil servants. This analysis highlighted the

[44] The Law on Government № 64/1990, established the general regulatory framework for the organisation and functioning of the Government and the central public administration authorities. This normative act was in force until 2017.

existing problems in the personnel management system at the time. For example, recruitment and selection processes did not fully ensure the right of citizens to fill public positions, or the civil servants' right to promotion; and it did not allow for remedial procedures in the process.

Furthermore, the existing situation did not favour the improvement of public service personnel performance. For example, the assessment of civil servants' activities—conducted through the attestation method every three years—did not contribute to the timely and objective detection of the strengths and weaknesses of civil servants. Moreover, it approached the professional development of civil servants rather casually, as the actual training needs of staff were neither identified nor satisfied by public authorities, and no educational institutions or other organisations providing training services in the relevant fields existed. In addition, the potential for career development of civil servants was reduced to three ranks consisting of three classes each, of which the first rank was granted only to top-level officials. This led to lack of motivation of public servants, poor performance, and reduced interest in their work, as well as suppressed creativity and loss of confidence in potential opportunities to advance through promotion.

For these reasons, it was necessary to promote and implement new personnel policies regarding civil service employment, annual appraisal of civil servants' performance, and the continuous and systematic enhancement of their professional qualifications and skills, as well as career advancement throughout their entire working life. Provisions of the Concept envisaged several changes in order to improve the performance of public service personnel through the modification of the recruitment and selection systems, the introduction of a civil servants' performance evaluation system and for continuous and planned professional development, and the creation and introduction of a unique information system in public administration organisations. The ideas of such policy initiatives were partly reflected in the normative framework, including the regulatory framework of human resources management in public administration, dealing with regulations for filling vacant civil service positions and regulations on attestation of civil servants.[45]

[45] http://aap.gov.md/files/publicatii/revista/articole/91/ro/Gheorghita.pdf.

According to the provisions of Article 6 of the Civil Service Law (1997), personnel policy for the civil service is overseen and implemented by the Directorate for Personnel Policy of the Government of the Republic of Moldova.[46] The Department is responsible for the following functions: [i] forecasting and planning of personnel needs for public administration organisations; [ii] organisation, methodological management and coordination of the selection and distribution of civil servants; [iii] organisation and methodological management of the civil servants' professional training system; [iv] organisation and provision of methodological support for civil servants' performance evaluation; [v] elaboration and approval of methodological guidelines and provision of recommendations regarding the organisation of civil servants' work; [vi] organisation and coordination of scientific research in the field of personnel policy; and [vii] implementation of modern scientific and technological innovations in the workplace, progressive training methods, selection and allocation of staff, as well as in the organisation of administrative activities.

In sum, the period between 1990 and 2004 may be characterised as the period that the foundation of the country's new public service was laid, important legal acts were developed and public authorities responsible for civil service and civil servants management were created.

(ii) ***2005–2008***

The staff policy provisions set out in the Concept on Civil Service Staff Policy were further developed in the Central Public Administration

[46] Human resources management in public administration organisations was previously the responsibility of each individual government organisation through their staffing departments. Thus, there was no single public entity explicitly tasked with human resources management in public administration entities. The Ministries of Labour, Social Protection and Family and of Justice both continued drafting normative acts in their areas of competence. Subsequently, however, in the context of the implementation of actions envisaged in the "Human Resources Management" component of the Action Plan of the Central Public Administration Reform Strategy, the Personnel Policy Division was created with the aim to contribute to the modernisation of public administration personnel. It eventually became a structural part of the State Chancellery. It later became the Directorate for Personnel Policy as part of the State Chancellery. The assignment of state public service human resources management functions to the State Chancellery (Government Apparatus, Government Office, etc) is congruent with practices in other European countries.

Reform Strategy (CPARS).[47] The goal of the CPARS was to establish a modernised and efficient central public administration system in compliance with the principles of good governance from the EU and its Member States. The Concept envisaged achieving a well-performing central public administration at optimal cost that would take into consideration the interests and rights of citizens; as well as an innovative, flexible, and efficient public administration carrying out its operations transparently and ensuring a positive image through effective accountability mechanisms in place. It also included a Human Resources Management component, whose actions aimed at:

- Optimising the management of the civil service and of its human resources;
- Forming a body of professional civil servants;
- Improving the system of motivation (financial and non-financial) of civil servants; and
- Improving existing human resources management procedures for the civil service.

In order to achieve these goals, several actions were to be undertaken:

- Increase the capacity of the ministries' human resources management services to implement modern working procedures;
- Improve the quality of staff decisions;
- Improve the motivation system, including monetary compensation of civil servants;
- Establish and empower a unit to manage public service personnel, at the central level, that would be responsible for the development and promotion of human resources management policies and strategies; the development of regulations, guidelines on staffing practices; and provision of technical assistance—through consultations—to ministries in implementing new staffing procedures;
- Create and manage a computerised management information system for the civil service personnel that would contribute to improving the quality of staff-related decisions, etc;

[47] Government Decision on approval of the Central Public Administration Reform Strategy in the Republic of Moldova, № 1402 (30.12.2005).

- Designate specialty public service positions in central government public administration based on merit, which would act as a mechanism to delimit political from administrative functions, and be responsible for the general management of the ministries, including the human resources management function;
- Ensure the development of a mechanism for coordinating the staff training process in the civil service by allowing for different training service providers in a given field of expertise; and
- Develop the capacity of the Academy for Public Administration to carry out training, research, and consulting activities.

Several civil service-related laws were developed, adopted, and implemented during this period, i.e. the Law "On Conflict of Interest", the Law "On the Code of Ethics of Civil Servants", etc.[48] These laws were drafted on the basis of the experience gained in the field of staff management in public authorities and in line with the good practices of the European Union, creating the basis for a new regulatory framework governing the activities of civil servants. Their ultimate purpose was to essentially contribute to the Europeanisation of the public service of Moldova.

Specifically, the Code of Ethics for Civil Servants stipulated a number of behavioural standards for public administration personnel, which allowed for a higher accessibility to and transparency of major activities of the Central Public Administration (CPA). Due to this fact, Moldova became among the first countries in the post-soviet space to introduce legislation to tackle this issue. The Law fit perfectly with the Strategy for the Prevention and Fight Against Corruption, as well as the EU-Moldova Action Plan for 2005–2008—documents which at the time laid the foundation for the country's Association Agreement with the European Union.

Similarly, the Concept on the Public Functions Classification and Civil Servants' Remuneration was drafted for the purpose of improving the civil service remuneration system and the civil servants' motivation. At the same time, measures were taken to elaborate the Methodology for Assessing Civil Servants' Performance. Moreover, to optimise the

[48] Law № 16/2008 (15.02.2008) "On Conflict of Interests".

management of public functions, the Concept on the electronic informational system "Registry of Public Functions and Civil Servants" was approved.[49] The electronic informational system improved processing and analysis of data concerning the human resources management of the Central Public Administration staff.

(iii) ***2009–2015***

Achieving the level of professionalism and institutional capacities of civil servants in other European countries and adopting the European governance principles have conditioned the initiation, preparation, and continuous implementation of reforms in the respective fields in Moldova. Thus, European principles such as predictability, accountability, impartiality, professional integrity, meritocracy, and political neutrality need to be enshrined in law, as well as be reflected in the attitudes of civil servants and in the process of public service management.

In this context, the Law "On Civil Servants and Civil Servants Status" entered into force in 2009,[50] aiming at ensuring a stable, professional, impartial, transparent, and efficient public service in the interests of society and the state. This Law was more consistent, it resolved many identified problems, and it improved the regulatory framework in the field of the civil service. Elaboration of this legal document took into account the provisions of the Concept on Personnel Policy in the Public Service and the experience of some EU Member States (especially Bulgaria, Estonia, Hungary, Latvia, Lithuania, Romania, and Poland), as well as the proposals made, and objections raised by public authorities and other stakeholders.

The novel regulations of this Law were:[51]

(a) It recognised conceptually that the relation between a public authority and a civil servant is a service relationship (Article 1), which differs from the relationship between an employer and an employee—a characteristic of the general labour law (as opposed to public service law);

[49] Government Decision № 1373 (01.12.2006).

[50] Law № 158 (01.01.2008).

[51] http://aap.gov.md/files/publicatii/revista/articole/91/ro/Gheorghita.pdf.

(b) Delimitation of political from administrative functions (Articles 4 and 70). This regulation introduced the concept of personnel of "personal confidence to a dignitary of the government", who served the dignitary on the basis of personal confidence. However, in case of a government reshuffle, these persons serving in the cabinet of the dignitary resign upon termination of the office term of the respective dignitary;
(c) Establishment of new categories of functions (Article 7), new procedures for promotion to a higher public position—"Promotion-in-Office" (Article 45) and advancement in salary steps (Article 46);
(d) Assignment to the public service on a merit basis (Article 8, paragraph 3; and Article 28);
(e) Establishment of a mixed system of public service: [i] internal selection (promotion, transfer) and [ii] external selection (contest). In this system, when a vacant position is to be filled at the decision of the head of the public authority, personnel from the civil service are considered for the open position first. However, if no suitable candidate is selected internally, then an open (external) competition is organised;
(f) Assignment of government competence in the field of public service and civil servant management (Article 11). In the previous law, the attributions of the government in the field of civil service management were not explicitly provided;
(g) Civil servants have the right to go on strike, however, the continuity of the activities of a public authority (Article 21) must be ensured;
(h) Establishment of the procedure for awarding qualification degrees (Article 33);
(i) Introduction of the obligation to assess the performance of civil servants on an annual basis (Articles 34–36) and the integration of such performance assessments with several human resource management elements: [i] compensation levels; [ii] career growth and [iii] dismissal;
(j) Continuous professional development as a systematic and planned process (Articles 37–38);
(k) Possibility of extending the service relationship of retired civil servants for a maximum of three years in total, upon decision of a leading government official (Article 42);

(l) Possibility of raising civil servants' salaries while serving in the same public service position (Article 46);

Considering, as a starting point, the necessity to modernise and professionalise the public service, the importance of this Law is obvious, both in the context of harmonising the national legislative framework with the European principles of administration and in the process of improving the quality of services rendered to society by civil servants. Moreover, this Law contains most of the regulations that concern civil servants and makes minimal references to other legislative acts.

The management of civil service and civil servants is the responsibility of the Government.[52] The Government has empowered the State Chancellery of the Republic of Moldova to stimulate and realise state policy for the public service, especially human resources management policy. The mandate of the Personnel Policy Division of the State Chancellery is to elaborate, adjust, and promote the normative framework regarding the regulation of the public service function and the status of civil servants, as well as to coordinate the process of continuous professional development of civil servants, and to monitor the activities of public authorities regarding the implementation progress of the public service law provisions.[53]

The local government public service management system policy involves other government organisations with specific competencies. For instance, the Ministry of Labour, Social Protection and Family is responsible for wage policy; the Ministry of Justice for integrity policy; the Ministry of Finance for budgetary planning, staffing, budgeting, and expenditure control; the National Anti-Corruption Centre for Prevention and Combating Corruption, and the Commission/National Integrity Authority for monitoring, controlling, and assessing the state of affairs in some areas related to the integrity of civil servants. However, the actual management of civil servants is carried out in each public authority by its Head, through the human resources management sub-division, which operates under a regulatory framework approved by the government.[54]

[52] Law № 158/2008, Article 11.

[53] The Personnel Policy Division was renamed in 2013 as the Central Public Administration Reform Directorate.

[54] Taking into account the fact that several public authorities are involved in public service management, it is absolutely necessary to improve the coordination and to

In sum, the period between 2009 and 2015 is characterised by the introduction (as of 1 January 2009) of the Law "On Public Functions and Civil Servants' Status", which intensified the development of the civil service in line with the European Administration Principles. During this period, the legal and methodological foundation of a professional public service based on merit was created and reform activities were implemented, thus creating the prerequisites for sustainability of change. At the same time, there are still some areas requiring major interventions, namely, the correct and uniform implementation of the normative framework; the delimitation of the political from the administrative functions; the implementation of the performance management system at the organisational level (public authority); the integrity of civil servants; talent management, leadership, motivation of staff and capacity building of civil servants; and the development of human capacities for the management of the public service function.

(iv) ***2016 to date***

With the approval of the Public Administration Reform Strategy for 2016–2020, a new period began in the evolution of the civil service.[55] The Strategy contains the component "Public Service and Human Resources Management", which aims at ensuring a human resources management system guided by the objectives and requirements of a modern administration. To achieve this goal, several specific initiatives aimed at improving the regulatory and institutional framework, as well as the professionalisation of the public service are being undertaken.

Guided by the national, regional, and global context, the Government has undertaken commitments, in its Activity Programme, to set the proper conditions for a complex, systemic, planned, and visionary approach to the Public Administration Reform efforts, including approval and implementation of a strategy for public administration reform. The Strategy was prepared taking into account the findings and recommendations of the Moldovan Public Administration Baseline Assessment by

strengthen the efforts between the public authorities responsible for developing and promoting the state policy in certain areas of civil servants management, and the government organisations and entities concerned through the establishment of an effective audit and control function.

[55] Government Decision № 911 (27.07.2016).

SIGMA;[56] as well as the lessons learned during the implementation of the central public administration reform in the period 2005–2013 and the recommendations from the country's development partners.[57]

The Public Administration Reform Strategy for 2016–2020 sets out the vision of the Government and synchronises the actions throughout the public administration at all levels facilitating the understanding and the involvement of all relevant actors. This Strategy was formulated eleven years after the first reform initiatives were launched in 2005, that contributed to the development of the Moldovan institutions. Representatives of both the civil society and development partners confirmed that some aspects related to the Government's re-organisation, civil service reform, financial management, and streamlining of the decision-making process were already achieved. However, in the absence of a strategic document in this area over the past years, the effects of the prior cycle of public administration reform are feeble, decreasing constantly in value and utility.

Thus, the current Public Administration Strategy in comparison to the previous PAR reform cycle is:

- More focused on people—reforms are no longer focused exclusively on internal bureaucratic operations, but also aim at streamlining the provision of services by the administration to individuals, including such aspects as location, cost, speed, and levels of satisfaction;
- More comprehensive—it is no longer limited only to covering the central public authorities, but it extends such coverage to the local public authorities;
- More coordinated—central level monitoring and oversight is focused on the priorities and synergies between several areas and it envisages stricter terms and more verifiable progress indicators; and

[56] Support for Improvement in Governance and Management (SIGMA), an OECD initiative; http://www.sigmaweb.org/; http://www.sigmaweb.org/publications/Baseline-Measurement-Moldova-2015.pdf.

[57] The draft Public Administration Reform Strategy was validated during the meeting of the National Council for Public Administration Reform on 12 May 2016, in which the development partners also participated. The meeting marked the launching of a public consultation process to finalise the Strategy.

- A medium to accelerate implementation of the RM-EU Association Agreement on public administration reform—by meeting the requirements of the administrative capacities needed to successfully implement its commitments, so that to achieve the main objective of this Agreement: political association and economic integration.

And the reforms proposed by the Strategy are focused on the following components:

- Accountability of public administration—streamline government structures and strengthen public administration transparency in the decision-making process, as well as enhance institutional responsibility;
- Drafting of public policies—adopt strategic and operational planning; policy analysis and consultation; policy coordination, monitoring, and assessment systems;
- Modernisation of public services—increase citizens' satisfaction and introduce quality management; initiate public service delivery process reengineering and establishment of one-stop shops, as well as the introduction of e-governance as a service delivery medium;
- Public finance management—adopt macro-economic forecasting; revenue collection; budget planning and execution; public procurement and public internal financial control; and financial reporting systems;
- Human resources management—develop job descriptions, classification, and grading; improve recruitment and selection and performance management; rationalise remuneration; enhance professional ethics; and focus on human resources development.

Consequently, the introduction of the Public Administration Reform Strategy has resulted in the launching and implementation of various and many activities aimed at strengthening the human resources management capacities in the Moldovan Public Administration.

Major results achieved to date have been the following:

- Clear delimitation of political from administrative functions was achieved by strengthening the role of state secretary generals. Political positions in the government model have been replaced by apolitical ones, selected through competition and based on professionalism, technical and managerial skills, allowing at the same time for sufficient stability in office.
- Mechanisms for motivating civil servants have been established on the unitary pay system by law. Newly introduced legal provisions generated a substantial increase in overall salaries for civil servants.[58]
- Professional capacity development is an on-going process to strengthen the professional competencies and skills of civil servants, according to international standards, necessary for the delivery of qualitative services that are focused on the needs of their beneficiaries.[59]

Moreover, it is worth mentioning that there are three on-going EU technical assistance projects, which support implementation of the Reform Strategy: [i] Support to the Public Administration Reform process in the Republic of Moldova; [ii] Support to the Professional Capacity Development and Motivation of Public Administration Employees in the Republic of Moldova; and [iii] Support for Policy Development. Overall, the projects aim at [i] strengthening the institutional and human capacity of public administration at the central and local levels; [ii] supporting public authorities in elaborating the strategic framework of public administration reform; [iii] developing more efficient policies and implementing evidence-based policy; and [iv] restructuring and modernising the administrative system; all in line with the European Principles of Public Administration.

[58] Law № 270/2018. Consequently, the Government approved Decision № 1231/2018 on the implementation of the provisions of this Law, which regulates the salary levels for civil servants.

[59] In this respect, the Academy of Public Administration has a special role. The Academy's major and direct contribution is indubitable, as it is responsible for the initial teaching component and training of public civil servants of different ranks, as well as for the elaboration of methods and methodologies in the field of public administration theory and practice, and the promotion of contemporary theories and practices in the public service system.

11.4.2 Current Situation of Public Service

The total number of positions and posts in public administration authorities, as of 1 January 2018, were 15,369 and the number of civil servants occupying such positions and posts were 13,070.[60] The analysis indicates that only 87.5 per cent of the total number of positions was filled at the end of 2017. The civil service executive positions constitute the majority of all jobs—9,922 over 11,928—followed by the public management function/management civil servants—3,069 out of 3,354—and the senior management public positions/senior civil servants—79 out of 87.[61]

Nevertheless, the State Chancellery Report states that positions performing public functions are consistently filled on a merit basis for the past five years, i.e. through open competitions and promotions. Furthermore, the analysis reveals that the evolution of the civil service and civil service management in Moldova has embraced international experience and practices that have effectively accentuated its own identity and uniqueness. Moreover, by signing, joining, and ratifying various international conventions on the elimination of all forms of discrimination, the Republic of Moldova is committed to ensuring gender equality and promoting women's participation in all processes, including decision-making at all levels.[62]

11.5 Vision and Future Plans/Conclusions

The Republic of Moldova still faces a number of challenges and is affected by long-term trends, at the national, regional, and global levels, which will have significant consequences for the country's further development and well-being in the coming decades. Uncertainty and unpredictability are on the rise and new development paradigms must be adapted, while taking into account internal capacity and the limited resources available.

[60] Numbers are calculated on the basis of data received from public administration authorities.

[61] Report on public functions and civil servants, State Chancellery, 2017.

[62] According to the analysis of data collected from the public authorities in Moldova, it is observed that out of a total of 13,070 civil servants, 9,460 are women and 3,610 are men, meaning that 72.4 per cent of the total number of civil servants are women.

Similarly, the speed of technological progress completely changes societal relations, generating new opportunities for development. However, as information and communication technologies (ICT) advance much faster than society's ability to adapt to them, societies are confronted with a series of long-term challenges.

In light of these drastic transformations, new adaptive policies must be formulated in several areas, e.g. education, employment and jobs creation, social order, equality and social justice, citizenship and the state, demographic change, and climate change, to mention a few. Consequently, the Republic of Moldova, in order to adapt to changes, uncertainties, and challenges, must create and develop the necessary framework for a long-term systemic approach to sustainable development. In this context, the country has developed a Public Administration Strategy that is based on the vision that by 2020 and beyond the Public Administration in Moldova will be efficient, effective, and accountable at all levels. It will also serve the interests of citizens by using public financial resources efficiently, as well as it will utilise transparent procedures in its work and in line with European standards. Successful realisation of such aspirations will act as an important catalyst for ensuring a continuous and sustainable development of the country.

Namely, a professionally robust and effective public administration that will provide the technical expertise to formulate and implement policies in several policy domains in order to encourage economic growth and improve competitiveness further. In this connection, the Administration needs to be capable of being open and responsive to innovative solutions, staffed with competent human resources, who manage public funds effectively. It will also need to focus on serving citizens well by placing public interest at the heart of its work. Moreover, public authorities and institutions will need to have the capacity to enhance citizen involvement in identifying problems, anticipating challenges, and proposing solutions which are grounded, tested, and validated systematically based on evidence.

Moldova is in the process of implementing actions that will affect public administration transformation depth and pace. Such actions are governed by a strategic vision for the country's development over the next decade—the National Development Strategy "Moldova 2030"—and

they are based on the principles of human rights and quality of life.[63] The general objective of the "Moldova 2030" Strategy consists of reforming public administration, both at national and local levels, placing particular emphasis on the professionalism and integrity of civil servants. It also aspires to formulate public policies based on evidence and information and moreover, to modernise and increase access to public services provided at the central and local levels based on intelligent and participatory planning, and implementation of digital and social innovations (user-centred) in the processes of delivering and evaluating administrative public services.

Therefore, it is apparent that some substantial work remains to be done in achieving the country's development aspirations and goals. Thus, what follows is a description of various areas where interventions are planned in order to fulfil the vision and goals of the public administration modernisation strategy.

Although the fight with the scourge of corruption has been a continuous process since the country's independence, combatting corruption and safeguarding the integrity of the political decision-makers and civil servants alike is still a major priority nowadays, especially in view of the Association Agreement between the Republic of Moldova and the European Union and especially those provisions that are related to public administration reform. As the fight against corruption is a mandatory condition for public administration modernisation, effective measures for the prevention and fight against all types of corruption ought to be implemented in the coming period. It is hoped that if they are implemented, they will assist in the prevention and eventual elimination of corrupt practices in public administration, and in establishing a transparent and efficient management of public resources, which will enable the creation of an environment that would enhance citizens' trust in the public authorities of the country.

Reducing corruption can also play a decisive role in increasing the efficiency of public spending. In the context of optimising the use of public money, improving the public sector, and introducing transparency in the budget process reduces the probability to corrupt state representatives. In the respect, several lines of action can be highlighted. The budget formulation and implementation processes should be optimised by setting

[63] Sustainable development cannot be achieved without respect for human rights and without ensuring peace, stability, effective governance and the rule of law.

clear rules for the use of public funds by public institutions, by establishing performance-oriented budgets and by consulting citizens on how public money is spent. In sum, increased transparency of public administration work and processes has an important role to play in reducing corruption in government institutions. In fact, ensuring that information on public procurements—amounts paid, final beneficiaries—or ensuring that data on public spending is widely available is an important element in ensuring integrity of public spending. It is also important to reduce existing deficiencies in the transparency of the decision-making processes of the state institutions, which negatively affect people's perceptions of the functioning of the state institutions.[64]

Transparency and accountability of public administration go hand-in-hand, as both are important elements of good governance. It is already mentioned that transparency is a strong force that, if applied consistently, contributes efficiently and effectively to the fight against corruption, to better governance and enhancing accountability.[65] By making information accessible on own initiative and responding positively to requests for information by the public increases the accountability and transparency of public administration.

Moreover, as justice is still perceived as a repression mechanism, thus ineffective in protecting people's interests, there is still the need for a human-friendly and primarily restorative justice system to be introduced that strives to restore the rights and interests of people, as well as re-socialise people in conflict with the law, rather than only concentrating on dispensing repressive rulings, e.g. punishing guilty persons.

Another area that some work needs to be done in the coming years is to ensure that all decision-making processes at all levels of government are responsive, inclusive, participatory, and representative (in accordance with SDG 16.7). For this to materialise, there is a need to promote cooperation among the central and local authorities, the private sector

[64] https://www.transparency.org/files/content/pages/2018_CPI_Executive_Summary.pdf.

[65] The concept of transparency implies reporting, in due time, of reliable, clear, and relevant public information about the institution's status, mandate, strategy, activities, financial management, operations and performance.

The concept of accountability refers to the legal and reporting framework, organisational structure, strategy, procedures, and actions that ensure the legality of the institution's mandate and the optimal operation for the public service.

and civil society in the planning and decision-making processes. Decisions should be made, approved, and implemented according to clear rules and procedures. Furthermore, associated information on decisions, policy implementation and results should be made available to the general public, so any citizen could be afforded the opportunity to oversee and contribute to the activities of the central and local public administrations. In making their decisions, public institutions should also promote social cohesion and integrity in public service provision available to all without discrimination.

It is also necessary to strengthen the status and position of civil servants, by addressing some crucial issues, such as low salaries, and professional capacity and integrity. Low pay within the public administration system generates a high turnover of staff, low levels of professionalism and reduced accountability for the management of public resources. Furthermore, insufficient training of public officials on institutional integrity in central or local public administration leads to a reduction in the effectiveness of the government apparatus. This state of affairs is aggravated by the tolerance in the lack of integrity of the representatives of the public institutions and the impunity public agents cultivate and enjoy.

Some work is also needed to increase the capacity of the administrative-territorial units through reduction in their fragmentation and their rationalisation, which will result in higher local autonomy through the autonomous and democratic functioning of the elected local authorities, and a more efficient provision of public services in compliance with the requirements and needs of beneficiaries; and congruent with the provisions of the European Charter of Local Autonomy.

Considering the above, it is also necessary to establish quality management mechanisms and tools in the Public Administration, in order to achieve the overarching objectives, i.e. transparency of public institutions, modernisation of public services, and higher quality in public service delivery, and participatory decision-making processes. The modernisation of public services and the introduction of innovation in public service delivery aimed at increasing the quality of public services delivered is imperative to providing quality, fast, transparent, affordable, and cost-effective public services to a wide number of people, in order to guarantee the rights of every individual to benefit from an impartial, fair and timely treatment of their issues by the central and local public authorities.

A system cannot become functional and efficient and cannot accomplish the mission for which it was created only on the basis of a package of laws, certain rules, norms, and regulations. Professionalism, integrity, honesty, and fairness of human resources in the desire to better serve the public interest, ensure the human dimension of public administration and make the system work for the benefit of all involved in this complex process.

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CHAPTER 12

Evolution of Public Administration in the Russian Federation

Igor N. Bartsits

12.1 Country Overview

The Russian Federation is located in Eastern Europe and Northern Asia. The country is bordered by the Pacific, Arctic, and Atlantic Oceans, as well as by the Baltic, Black, and Azov Seas. The territory of Russia stretches almost 10 thousand kilometres from west to east, more than 4 thousand kilometres from north to south and it has the world's longest coastline (37,653 km).[1] Russia borders with eighteen countries. About one-third of the world's natural and energy resources are concentrated on the territory of the Russian Federation (Table 12.1; Box 12.1).

According to the World Bank, Russia is the world's richest country in terms of national wealth per capita of which the largest contributions come from natural resources and human capital (Table 12.2).

[1] Federal Service of State Registration, Cadastre and Cartography (*Rosreestr*).

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Table 12.1 Natural and energy resources potential of the Russian Federation

Country	*Total value of resources (in USD, trillion)*	*Oil reserves (in barrels, billion)*	*Natural gas reserves (in cubic meters, trillion)*	*Timber reserves (in acres, billion)*	*Diamond reserves (in carats, million)*	*Coal reserves (in metric tons, billion)*
Russia	75.7	80.0	47.6	1.9	1263.3	157.0
USA	45.0	-	9.0	0.7	237.2	237.0
Saudi Arabia	34.4	268.0	8.0	-	-	-
Canada	33.2	173.0	-	0.8	6.5	-
Iran	27.3	155.0	34.0	-	-	-
China	23.0	-	-	0.4	11.4	115.0
Brazil	21.8	-	-	1.2	-	-
Australia	19.9	-	-	0.4	-	76.0
Iraq	15.9	141.0	1.1	-	-	-
Venezuela	14.3	298.0	5.0	-	479.4	-
Kazakhstan	6.8	30.0	1.3	-	33.6	34.0
India	6.5	5.7	1.3	-	60.6	61.0

Source https://www.statista.com/statistics/748223/leading-countries-based-on-natural-resource-value/

Box 12.1 Quick facts about the Russian Federation

		World ranking
Total Area[a]	17,125,191 km^2	1
Population[b]	146,793,744	9
GDP (PPP)[c] 2018	USD 4.0 trillion	6
GDP (PPP) per Capita[d] 2018	USD 27,890	48
HDI Score[e] 2018	0.816	49
Average Life Expectancy[f]	71.2 years (2018)	103
Average Training Time[g]	15.5 years (2018)	

[a]Federal Service of State Registration, Cadastre and Cartography (Rosreestr)
[b]Estimated population as of 1 January 2019 and average of 2018
[c]Purchasing Parity Power
[d]World Economic Outlook database; IMF (January 2018)
[e]Human Development Report 2018; Statistical Update UNDP 2018
[f]Ibid.
[g]Ibid.

Table 12.2 National wealth per capita

Countries	*National wealth per capita (in USD, thousand)*			
	Total	*Human potential*	*Natural resources*	*Renewable resources*
World average	90	60	15	15
G7 States	360	280	10	70
OPEC States	195	90	75	30
CIS States (including Russia)	275	140	105	30
Russian Federation	400	200	160	40
Other countries	30	20	5	5

Source Valentei and Nesterov (2000)

12.1.1 Culture

Russia belongs to the countries with the richest cultural heritage. The document entitled "Basics of State Cultural Policy of the Russian Federation" notes that "Russia is a country of great culture, huge cultural heritage, centuries-old cultural traditions, and endless creative potential. Due to its geographic position, multi-ethnic and confessional diversity, Russia developed and is developing as a country uniting two worlds—the East and the West. The country has accumulated a unique historical experience of mutual influence, reciprocal enrichment, and respect of different cultures—this historical experience has served as the foundation of Russian statehood for centuries. In the conventional wisdom of the multi-ethnic Russian people, a key uniting role belongs to the Russian language and the great Russian culture."[2] The Russian language is an official working language of the UN, the UNESCO, and other international organisations.

12.1.2 Research and Development

With its long tradition, as one of the world's research and development centres, the Russian Federation is a leading industrial and spacefaring power. Thanks to its leading position in education, Russia ranks 2nd

[2] Approved by Decree of the President of the Russian Federation № 808 (24 December 2014).

among the countries that read the most.[3] It also ranks 2nd among the countries with the world's best programmers,[4] and it holds the 1st place as a country with the highest number of its citizens holding engineering degrees.[5]

In the period between 1994 and 2017, the number of utility patent applications submitted in Russia annually increased from 25,745 to 36,454.[6] In 2017, the number of patent applications submitted were 3–4 times higher than in the other CIS states all together. For the purpose of "*achieving modernisation and technology-driven development of the Russian economy and increasing its competitiveness*", the Decree of the President of the Russian Federation № 899 (7 July 2011) established the key priorities for advancing research and development in Russia including security and counterterrorism, nano-technology, information and communication technologies, bio-sciences, transportation and airspace systems, energy efficiency and energy saving, nuclear power, etc. Moreover, to ensure fulfilment of the Decree of the President of the Russian Federation № 204 (7 May 2018) "On National Goals and Strategic Tasks of Development of the Russian Federation for the Period up to 2024", the National Project "Science" has been adopted. This Project envisages making Russia one of the world's top five countries in such priority areas as science and technology development.[7]

[3] 17 countries of the World that Read Most, International Institute for Marketing Research GfK, Vesti. Economics (28.03.2017).

[4] Kitty Gupta. Top 10 countries with the best computer programmers, Freelancing Gid (20.12.2018).

[5] Khushboo Sheth, Top 10 Countries That Produce the Most Engineers, World Atlas (18.07.2018).

[6] http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/science_and_innovations/science/#.

[7] National Project "Science" for the period between 2019 and 2024.

12.1.3 Fundamental Principles of Government

The Russian Federation is a democratic federative law-governed state with a republican form of government.[8] The basic law of the Russian Federation is its Constitution adopted on 12 December 1993 by way of a nationwide vote. The Constitution of the Russian Federation includes several amendments, most important of which were passed in 2008, i.e. increasing the term of office of the President of the Russian Federation from 4 to 6 years and of the State Duma from 4 to 5 years.

According to the Constitution, the governance system of Russia is based on the following fundamental notions: popular sovereignty, federalism, social welfare state, division of powers, secular state, precedence of human rights and freedoms, local self-government, multi-party system, ideological and political diversity, rule of law, diversity of forms of property, form of government and state structure and national sovereignty.

12.2 Social, Economic, and Political Context of the Russian Federation

Russia has many reasons for, and sources of, national pride. Apart from its achievements in space exploration, classical ballet and literature, the citizens of Russia are used to being proud of their country's natural resources, its contribution to the world culture and science, as well as its influence on international politics. The findings of sociological surveys among Russians corroborate the case. For example, according to a survey conducted by the All-Russian Public Opinion Research Centre (VCIOM) in the summer of 2016, 90 per cent of Russians are proud of their country's history; 90 per cent are proud of its strong armed forces; 88 per cent are proud of its culture; 82 per cent are proud of its scientific achievements; 75 per cent are proud of its achievements in sports; and 72 per cent are proud of the position of Russia in the international arena.[9]

This may be considered a subjective view of course, however, it is supported by some objective indicators. Russia is home to slightly more than 2 per cent of the global population, and about one-third of the

[8] The Russian Federation comprises 85 constituent entities, including 46 *oblasts* (regions), 22 republics, 9 *krais*, 3 federal cities, 4 autonomous districts and 1 autonomous *oblast*.

[9] https://wciom.ru/index.php?id=236&uid=115866%20.

Table 12.3 Quality of governance indicators

Indicators	*2013*	*2014*	*2015*	*2016*	*2017*
Government effectiveness	44.08	48.56	47.12	44.71	50.48
Regulatory quality	39.81	38.46	32.21	37.02	32.69
Rule of law	25.35	26.44	25.00	21.63	22.12
Control of corruption	15.64	17.31	15.38	19.71	17.31

Source World Governance Index (2018)

world's natural and energy resources are concentrated on its territory. Furthermore, according to the World Bank, Russia is the richest country in the world in terms of national wealth per capita, with natural resources and human capital being the primary constituents of such wealth. The country ranks 69th in terms of nominal GDP per capita and 48th in terms of per capita GDP at PPP, in the world.[10] However, the incongruity noted between GDP per capita and GDP at PPP is a good reason to take active measures in further improving the management of existing human and natural resources in order to advance productivity and further enhance the well-being of its citizens.[11]

According to the World Economic Forum's 2018 Global Competitiveness Report, the Russian Federation occupies the 43rd place from a competitiveness perspective. Such high ranking is based on individuals indicators as market size (6th place), use of information and communication technologies (25th place), innovative capacity (36th place) and professional training (50th place).[12] Russia also rates 35th in the World Bank's 2018 Doing Business Report. The country's ratings are also high on such indicators as access to power grids (10th place), registration of property rights (12th place) and execution of contracts (18th place).[13] Data in Table 12.3 demonstrate the quality of governance in the country,

[10] World Economic Outlook Database, International Monetary Fund (April 2017).

[11] For more details see, Bartsits I. N. 2019. System of State and Municipal Administration: Lecture Course: in 2 volumes. Publishing House "Delo" RANEPA.

[12] http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf.

[13] http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2018-Full-Report.pdf.

in which however considerable improvement has only been achieved in government effectiveness.[14]

Conversely, it should be noted that although global ratings of quality of governance play an important role, nowadays—as a measure of a country's competitiveness that demonstrates how society perceives government efficiency in a global context, by assessing the quality of the business environment and state management—many of the evaluation methods that are used to compare countries are very questionable and judgemental (Klimenko et al. 2017).[15] For example, Russia's Voice and Accountability index score is lower than that of some absolute monarchies. Even its Political Stability index score quite often proves to be lower than in the countries that are undergoing serious political crises. Consequently, the shortcomings of these evaluation methodologies that measure quality of governance make it necessary to elaborate alternative approaches to quality of governance assessments. Such approaches must be based on more objective indices and must be developed by experts from a wide range of international institutions, not only by experts of the World Bank (Yashina and Pronchatova-Rubtsova 2015).

Nevertheless, attention should be paid to several risks and threats to sustainable social and economic development of the Russian Federation, including, the following:

i. Despite the global economic crisis of 2008–2009, the global economy growth rate reached an average of 3.9 per cent per annum in the first decade of the twenty-first century, mainly due to the advanced growth of emerging economies (growing at 6.2 per cent on average), as compared to the steady growth of developed economies (1.8 per cent on average). Most recently, the trend is shrinking global demand for traditional commodities and a slowing-down of emerging markets growth, which is explained, among other things, by their increased level of economic development. These trends will continue in the future.

[14] https://data.worldbank.org/data-catalog/worldwide-governance-indicators.

[15] Actual assessments of the state of the social sphere of the Russian Federation in foreign sources (Klimenko et al. 2017).

ii. Aggravation of the geopolitical situation which has resulted in increasing economic and political uncertainty, de-facto unavailability of international funding to the majority of Russian companies and restricted access to foreign state-of-the-art technologies. All these factors entail a slow-down in productivity growth and the latter force Russian companies to look elsewhere for new investment opportunities.
iii. Reduction of the working-age population contrasted with a general stabilisation of the demographic situation. Critical factors for ensuring a sustainable pace of development of the Russian economy are growing flexibility in the labour market, declining employment in the public sector and government-owned companies, efficient attraction of foreign labour, and the extension of the work life of people.[16]

These challenges require a qualitative transformation of the country's social, economic, as well as political system, making it necessary to reform state and municipal government. This view—held by experts in the state administration, as well as by the citizens of Russia—was articulated by Vladimir Mau, Rector of the Russian Academy of National Economy under the President of the Russian Federation who said

> *…when a country is surviving two crises at a time (an external shock crisis and a cyclical structural economic crisis), it is really a good time to demonstrate the art of governance….*[17]

12.2.1 Institutions of State Power of the Russian Federation

The system of state and municipal government in the Russian Federation reflects the nature and level of political and socio-cultural development of society, as well as its administrative culture. It is also determined by various factors, such as historical and geographic conditions, economic situation, political traditions, impact of globalisation, and the dynamic development of information and communication technologies.

[16] Key Focus Areas of the Government of the Russian Federation for the period up to 2018, approved by the Government of the Russian Federation (14 May 2015).

[17] Mau V. A. In a new economic model of the world, it is key to find causes of stagnation (11 January 2017); http://tass.ru/opinions/interviews/3932931.

The Constitution of the Russian Federation of 1993 reads, "*State power in the Russian Federation shall be exercised on the basis of its division into legislative, executive and judicial authority. Bodies of legislative, executive and judicial authority shall be independent*" (Article 10). If Article 10 of the Russian Constitution establishes the principle of division of powers, the following Article lists the bodies of government that exercise such powers. Namely, state power in the Russian Federation is exercised by the President of the Russian Federation, the Federal Assembly (the Council of Federation and the State Duma), the Government of the Russian Federation, and the Courts of the Russian Federation (Paragraph 1, Article 11).

Head of the Russian State is the President of the Russian Federation. The President is elected for six years directly by the citizens of the country through a universal, equal, and direct suffrage by secret ballot. The Head of State participates in exercising its share of the unified state power, with regard to its respective functions, in direct interaction with the bodies of legislative, executive, and judicial power. The President is the core of the executive power system. According to Paragraph 2, Article 80 of the Constitution, the President is the guarantor of the Constitution and of human and civil rights and freedoms. The President also ensures the coordinated functioning and interaction of state government bodies and determines the basic objectives of the internal and foreign policy of the State. For this purpose, the President delivers an address at the Federal Assembly annually.

The legislative bodies of the Russian Federation include the Federal Assembly of the Russian Federation and the legislatures of the constituent entities of the Russian Federation.[18] A member of the Council of Federation as a representative of the legislative (representative) or executive body of a constituent entity of the Russian Federation is vested with authority by the corresponding institution of the constituent entity of the Russian Federation. The State Duma of the Russian Federation consists of 450 deputies, who are elected for a five-year term.

According to Article 110 of the Constitution, executive power is exercised by the Government of the Russian Federation. The Government is a

[18] The Federal Assembly consists of two chambers—the Council of Federation and the State *Duma*. The chambers have a different status and scope of authority and are formed differently. The procedures for forming the Council of Federation and the procedure for electing deputies to the State Duma are established by federal law.

federal executive body with an overall competence covering such areas as economic development, social and cultural activities, administrative and policymaking, and law enforcement. As a collective executive body, the Government consists of the Chairman, the Deputy Chairman, and the Federal Ministers of the Government of the Russian Federation.[19] At the federal level, the Government comprises three types of executive bodies: ministries, federal services, and federal agencies. Authority to develop and implement state policy is vested in the federal ministries, the control and supervision functions are performed by federal services, while the provision of public services and management of state-owned property fall within the domain of federal agencies.

The judicial system of the Russian Federation is founded on the Constitution and the Federal Constitutional Law "On the Judicial System of the Russian Federation".[20] Currently, the judicial system of the Russian Federation comprises common courts (general courts and military courts), courts of arbitration and constitutional (statutory) courts. The system of federal courts consists of courts of general jurisdiction and courts of arbitration, for which senior judicial authority is the Supreme Court and the Constitutional Court of the Russian Federation, respectively. The court system of constituent entities of the Russian Federation includes justice of the peace courts and constitutional (or statutory) courts. Judges are independent and subordinate only to the Constitution of the Russian Federation. The creation of any extraordinary courts is not permitted.

12.2.2 Federation and Federal Law

Division of state government bodies into federal bodies and authorities of constituent entities of the Russian Federation has a great practical significance for the country's system of governance. It ensures that the socio-economic development of a constituent entity of the Russian Federation is independent and based on its internal potential, and the coordination and cooperation of regional development within the framework of the unified state and political space of the Russian Federation.

[19] Paragraph 2, Article 110 of the Constitution of the Russian Federation.

[20] Federal Constitutional Law (31 December 1996) "On the Judicial System of the Russian Federation", as amended by the Federal Constitutional Law № 4-FKZ (5 February 2014); Collected Acts of the Russian Federation (1997), № 1, Article 1.

The list of government bodies exercising state power in the Russian Federation is quite comprehensive: the President of the Russian Federation, the Federal Assembly comprising the Council of Federation and the State Duma, the Government of the Russian Federation and the Courts of the Russian Federation.[21] With regard to the authority of the constituent entities of the Russian Federation, Paragraph 2 of the same Article describes the general principle as follows, "*State power in constituent entities of the Russian Federation shall be exercised by bodies of state government formed by those constituent entities*".

The Russian Federation also has organisations (institutes and offices) that do not belong to any of the branches of government. Such bodies include the Prosecutor General's Office of the Russian Federation, the Central Bank of the Russian Federation, the Accounts Chamber of the Russian Federation, the Central Election Commission of the Russian Federation, the High Commissioner for Human Rights of the Russian Federation, and the Academy of Sciences of the Russian Federation.

Generally speaking, institutionalisation of the bodies of state power of the Russian Federation is intended to pursue three interrelated goals: (i) reinforcement of Russian statehood by improving and enabling active and permanent administrative links between citizens, state government bodies and local authorities; (ii) administrative and legal perfection of the State apparatus in all its aspects and interdependencies; and (iii) further upgrading of administrative rules (norms) of civil service to make sure that they are conducive to ensuring public tranquillity and the security of the State.

12.3 Administrative Transformation and Milestones of Administrative Reform

Failure of the system of state government to meet social and economic development needs caused the collapse of the entire political system of the Soviet Union in the early 1990s. Unable to serve its intended purposes properly and predictably or meet the top priorities of state development, the system of state government that had been shaped during the twentieth century failed to face up to the challenges at the time and ensure self-preservation of the State.

[21] Listed in Paragraph 1 of Article 11 of the Constitution.

After the adoption of the Constitution of the Russian Federation of 1993, significant efforts were made not only to create a new system of state and municipal government, but also to put in place a legal framework governing this system. This administrative transformation is a continuous process. As the public demands a certain degree of state regulation of individual sectors of the economy or social or socio-political life changes, adjustments are introduced to the model of government decision-making, and the ways of implementation of such decisions are constantly refined. The recent history of Russia is characterised by a continuous transformation of the system of government.

One of the goals set after the adoption of the Constitution of 1993 (if not the most important one) was to change the governance system of the country and establish a new model adapted to the new realities of a market economy. Having established a democratic governance model based on the principles of division of powers functionally, the Constitution also guided the establishment of formal legal institutions—legal statuses and organisational structures—and defined the most general principles for the formation of the state and municipal governments. Overall, it put into place a constitutional legal framework to deal with the challenges of Russian statehood of the early 1990s.

In sum, the Constitution of 1993 served as the basis for the country's governance reforms and it provided the impetus for wide institutional changes. This was deemed necessary, as it would be difficult to get rid of economic and national (ethnic) challenges, stabilise the political situation in the country, and eventually achieve fully-fledged and promising development of Russian statehood without removing the existing obstacles. However, one can hardly claim that these tasks have been accomplished in full since then. One of the key challenges for administrative reform to succeed was and is to overcome political inertia.

Completion of administrative reform, including the development of a new regulatory framework, took quite a long period of time, which can be divided into several stages:

i. ***Stage 1 (1992–1993)***:

The first measures were taken to make sure that the state apparatus is free from any political party's influence and specific federal executive bodies were formed that were no different than Soviet ministries

and agencies in terms of their typology and competence. This initial stage of administrative reform included freeing the economy from total state control, privatising state property, transforming the country's federal framework by granting more autonomy to the constituent entities of the Federation, and increasing the authority of local communities.

ii. ***Stage 2 (1996–1998)***:

During this period, understanding of the essence of the necessary administrative transformations began to take shape and the development of the first Concept of Government Reform was initiated.

iii. ***Stage 3 (1999–2000)***:

The development of the Concept of State Building was initiated based on the key ideas of the Concept of Government Reform of 1998. However, its implementation was postponed because of the need to align it with ongoing organisational and political changes.

iv. ***Stage 4 (2003–2005)***:

This period was characterised by visible results, including optimisation of the functions of executive bodies and of the executive branch structure; civil service reform; improvement of administrative procedures; and the introduction of administrative justice. For this reason, the President of the Russian Federation issued Decree № 824 (23 July 2003) "On Administrative Reform Measures in 2003–2004", which established the Commission for Administrative Reform, a permanent advisory body under the Government of the Russian Federation. At this stage, key focus areas of the administrative reform were: simplification of functions and authority of federal executive bodies; development of a system of self-regulating organisations engaged in the economic sphere; organisational division of functions such as regulation of economic activities, monitoring, and supervision, management of public property and provision of public services to individuals and businesses; streamlining of the activities of the territorial branches of federal executive bodies, etc.

xxii. ***Stage 5 (2006–2010)***:

This period was devoted to the implementation of the "Concept of Administrative Reform in the Russian Federation 2006–2010" and of the "Roadmap for Administrative Reform in the Russian Federation 2006–2010".[22] These documents envisaged the following measures: improvement of the quality and availability of public services; limiting government intervention in the economic activity of economic agents, including the reduction of excessive state regulation; improving the efficiency of executive bodies; introduction of results-based and project-based management; regulation and standardisation of government and municipal services (functions); implementation of a vertically unified integrated automated system for monitoring the activities of state bodies and local authorities with respect to their efficiency and effectiveness in achieving key targets of social and economic development of the Russian Federation and discharging their functions;[23] introduction of a system of multi-functional centres to provide government and municipal services on a single-window basis; optimisation of executive bodies operations and introduction of mechanisms to prevent administrative corruption; improving the efficiency of interaction between executive authorities and civil society, as well as improving the transparency of executive bodies' activities; improving approaches to sharing good practices in public administration, etc (Bartsits 2016).

vi. ***Stage 6 (2010 to present)***:

The current stage is characterised by further development of the state administration system, civil service reform and enactment of a regulatory and legal framework.[24] Of particular importance is the programme "Reform of the Monitoring and Supervision Activities" approved by

[22] Approved by Resolution of the Government of the Russian Federation № 1789-r (25 October 2005).

[23] State Automated Information System "Administration".

[24] This legal framework included adoption of the "Concept of Reducing Administrative Barriers and Improving Access of Government Services 2011-2013"; the Federal Law № 210-FZ (27 July 2010) "On Provision of Government and Municipal Services"; Decree of the President of the Russian Federation № 601 (7 May 2012) "On the Main Directions in Improving the Public Administration System"; Decree of the President of the Russian

the Presidium of the Presidential Council of the Russian Federation for Strategic Development and Priority Projects, and which is to be implemented by 2025. This programme pursues the following goals: introducing a risk-oriented approach to monitoring and supervision; designing and introducing a system to measure effectiveness and efficiency of monitoring and supervision bodies; introducing a system of comprehensive prevention of mandatory requirements violations; systematising and updating mandatory requirements compliance, which is assessed in the process of monitoring, including removal of obsolete, overlapping or redundant requirements; developing recommendations on optimisation of monitoring and supervision functions; improving the quality of monitoring and supervision at the regional and municipal levels; etc.

In January 2019, the Chairman of the Russian Government Dmitry Medvedev—during his talk at the opening ceremony of the Gaidar Forum held at the Russian Academy of National Economy and Public Administration under the President of the Russian Federation—set the task to activate the Regulatory Guillotine, in the next eighteen months, which envisages a large-scale analysis and revision of the existing monitoring and supervision legislation.

The following are several of the areas of administrative procedures improvement, which are typical of the current stage of administrative reform in the Russian Federation:

i. Further standardisation of state functions and improvement of the quality of public services provided to businesses and individuals. For this, standards have been developed for a large number of government and municipal services. The regional section of the federal service register contains information on more than 21,100 services (functions) of executive bodies of constituent entities of the Russian

Federation № 126 (9 February 2013) "On Commission for Civil Service and Administrative Personnel Pool under the President of the Russian Federation"; Decree of the President of the Russian Federation № 403 (11 August 2016) "On the Main Directions of Development of Civil Service in the Russian Federation in 2016-2018"; Resolution of the Government of the Russian Federation № 934-r (17 May 2016) "On the Main Directions of Development and Introduction of a System of Evaluation of Effectiveness and Efficiency of Control and Supervision Activities"; Decree of the President of the Russian Federation № 288 (24 June 2019) "On Priorities of Development of Civil Service in the Russian Federation in 2019-2021", etc.

Federation. At the municipal level, the register provides information on more than 121,800 municipal services (functions).[25] The list of government services and functions includes more than 600 services provided by federal authorities and serves as a basis for the information system "Federal Register of Government and Municipal Services (Functions)" (FRGU). All the activities in this area must be coordinated with the activities in the area of information and communication technology and especially those that are part of the State Programme of the Russian Federation "Information Society 2011–2020".[26]

ii. Reduction of administrative barriers and simplification of administrative procedures for individuals and businesses.

iii. Introduction of advanced information technology solutions for ensuring availability of information in electronic format, as the introduction of state-of-the-art IT solutions and provision of information in electronic format significantly simplifies and accelerates existing procedures while mitigating human error risks. A lot has been done in this area thus far, e.g. Russia has successfully introduced www.gosuslugi.ru, a federal portal designed for provision of public services.[27]

iv. Devolution of a number of government functions to local self-government authorities, autonomous organisations, and the private sector. However, the experience of devolving executive functions to self-regulating organisations exposes some problems that exist in this area. It clearly demonstrates that without government regulation and control, self-regulating organisations become a tool of market redistribution between businesses and can be used to displace small and medium enterprises from the market place. Growth pains in industries such as pharmaceuticals, transportation, housing and utilities, agriculture, securities, etc confirm that proper legislation is needed to regulate their legal status and scope of

[25] See also the Administrative Reform Portal at http://ar.gov.ru/.

[26] The objective of this Programme is to improve the quality of citizens' life through the introduction of information and communication technologies in the delivery of public services.

[27] The Russian Federation ranks 32nd in the UN 2018 E-Government Development Index rankings, as opposed to ranking 27th in 2012–2014; https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2018.

authority, as well as the terms and conditions on which a number of functions might be delegated to them by executive authorities.

v. Development of a contractual system for provision of public services and government and municipal procurement.

Analysis of the key stages of administrative reform demonstrates that during this period not only the goals, objectives, and principal activities related to different aspects of the system of government and municipal administration have changed; but also, the conceptual approaches to their design and operations. Thus, the concept of public administration reform of 1997 focused on strengthening the regulatory and control functions of executive bodies due to the growing significance of the role of prospective analysis and forecasting in making strategic decisions and streamlining the structures of the executive bodies in view of the real needs of society. Consequently, in 2010, Russia's administrative reform programme underwent significant changes and focused primarily on limiting government intervention in the economic activities of economic agents, including avoidance of excessive government regulation and improvement of the quality and availability of public services.

The need for a systemic and holistic approach to the government reform was not just understood, it was also embedded in legislation and very soon translated into a targeted long-term policy of the state. Administrative reform became an integral part of the strategic goal for innovative development of the Russian Federation. However, experience has shown that implementation of administrative reform requires solving, as a whole, complex economic, political, and socio-cultural problems of development in Russia, as well as inducing direct support from civil society. Successful administrative reform depends, in many ways, on the understanding and support of its goals and objectives by citizens and businesses, interest and involvement of civil society in attaining its envisioned results, on the one hand; and availability of objective information about its progress, on the other. Another important factor in ensuring success of such reform is the active engagement of civil servants responsible for its implementation.

Most recently, the improvement of public administration in the Russian Federation has been sub-divided into several building blocks based on existing practices and specificities of legal regulation, e.g. administrative reform, civil service reform, e-government, budgetary reform, and reform of monitoring and supervision activities. Experience of such individual reforms has proven that they overlap in terms of activities, approaches,

and rationale and, therefore, they should not be implemented separately. In fact, the subject matter of the reform encompasses the government (public) sector as a whole, including all its components such as civil service, finance, system of administration and information resources, etc.

Russia's experience in public administration reform demonstrates that a good alignment of individual reform activities with respect to their ultimate goals, tools, and mechanisms, as well as the pace of implementation, are key components for achieving relevant results. Such alignment requires continuous effort and engagement of both the government authorities and the society at large.

12.4 Civil Service Reform in the Russian Federation

12.4.1 System of Civil Service of the Russian Federation

The system of the civil service of the Russian Federation includes:

- The Federal civil service of the Russian Federation, i.e. professional activity of individuals in the Federal civil service related to the exercise of authority by federal government institutions and individuals acting as government officials of the Russian Federation; and
- The civil service of the constituent entities of the Russian Federation, i.e. professional activity of individuals in the civil service of constituent entities of the Russian Federation related to the exercise of authority at that level, as well as the authority of government institutions and individuals acting as government officials of these constituent entities.

The statutory definition of civil service in the Russian Federation includes three key elements:

a. *Type of service*

   Civil service is a type of public service along with the military and other types of public services.

b. *Professional activity of citizens of the Russian Federation holding positions in the civil service of the Russian Federation.*

   Civil service as a type of professional activity implies a continuous and competent exercise of authority vested in government bodies

and officials. The social and moral requirements of civil servants, as a special kind of activity are higher than those of other types of activities performed by employees of other public or private organisations. They include faithful discharge of duties by public officials, while they always maintain their loyalty and devotion to the Constitution and the constitutional order of the Russian Federation and respect the laws of the State.

c. *Enabling the exercise of authority of federal government bodies, government bodies of constituent entities of the Russian Federation, individuals acting as government officials of the Russian Federation, and individuals acting as government officials of constituent entities of the Russian Federation.*

   The activity of citizens of the Russian Federation holding positions in the civil service is enabling and executive in nature. It depends directly on the powers of government bodies and constituent entities of the Russian Federation, as well as on the individuals acting as government officials in constituent entities of the Russian Federation, respectively. These powers strictly define the scope of official authority. Exceeding the limits of, or abusing, their authority is illegal and entails legal consequences.

12.4.2 Legal Framework of Civil Service in the Russian Federation

The functioning of the civil service in the Russian Federation is underpinned by a broad legal framework (Bartsits and Boshno 2007) including[28]:

i. The Constitution of the Russian Federation;
ii. Federal Law № 58-FZ (27 May 2003) "On the System of Public Service of the Russian Federation", as amended by Federal Law № 143-FZ (23 May 2016);[29]

[28] For more detailed information please see Appendix 12.1.

[29] Collected Acts of the Russian Federation (2 June 2003), № 22, Article 2063.

iii. Federal Law № 79-FZ (27 July 2004) "On the State Civil Service of the Russian Federation", as amended by Federal Law № 461-FZ (11 December 2018);[30]
iv. Other federal laws;
v. Decrees of the President of the Russian Federation;[31]
vi. Resolutions of the Government of the Russian Federation;
vii. Regulatory acts of federal executive bodies;
viii. Constitutional statutes, laws, and other regulatory acts of the constituent entities of the Russian Federation;
ix. Regulatory acts of state bodies; and
x. International law acts and generally accepted principles and norms of international law.

The Constitution of the Russian Federation in general and its provisions related to public service in particular have supreme juridical force, apply throughout the entire territory of Russia and form the core of the civil service legislation.[32] Apart from the principle of superiority of the Constitution and federal laws to any other regulatory acts and official instructions, there exist other constitutional principles related to public service, e.g. the principle of precedence of human and civil rights and their direct effect, the principle of equal access to public services, as well as other principles that are generally known and are well described in the juridical literature and are followed by civil servants in discharging their duties and enforcing their rights.

According to the Constitution, the Federal Public Service is separate from the system of the federal legislative, executive and judicial bodies, as well as from the process of forming and organising activities of federal government institutions. The jurisdiction of the Russian Federation over them is stipulated in other provisions of the Constitution (Paragraph "d", Article 71).

The recent amendments to civil service legislation of the Russian Federation were related to:

[30] Collection of Legislation of the Russian Federation (2 August 2004), № 31, Article 3215.

[31] Most of these decrees are mentioned above in sub-section "stage 6 (2010 to present)".

[32] Paragraph 4, Article 32 and Paragraph "r", Article 71 of the Constitution of the Russian Federation.

- Heads of state bodies and other individuals holding a leading public office position act as employers on behalf of the Russian Federation or a constituent entity of the Russian Federation;
- The law establishes four categories of positions in the civil service—senior officials, assistants (advisors), specialists and support specialists—which allows for developing distinct requirements of those positions, specifying their official duties, their rates of remuneration and social benefits;
- The law provides for competitive admission procedures of candidates for civil service;
- The main format of employment agreement is a contract of service (with an indefinite term [open-end contract] or with fixed term), where fixed-term service contracts are mainly intended for senior officials, their deputies, and assistants (advisors);
- In order to encourage responsible behaviour by, and efficiency of, civil servants, duty regulations are introduced which regulate their official activities and include qualification criteria; the list of questions on which civil servants have the right to make independent decisions; the list of public services provided to individuals and organisations; key performance indicators, etc;
- To establish job competences of civil servants, compulsory certification is introduced. The Certification Commission must include independent experts whose number must be at least one-fourth of the total number of the commission's members;
- Class rates are introduced. Normally, a class rate is awarded based on results of a qualifying examination on an individual basis. Executive discretion of the President of the Russian Federation only includes awarding class rates of Full State Counsellor 1st, 2nd, and 3rd Class of the Russian Federation;
- A mechanism is suggested to resolve civil servants' potential conflicts of state and personal interests, including establishment of a proper commission with participation of independent experts;
- A procedure is established to inform society about civil service operations, including distribution of information by means of information technology resources, web-based solutions, and other types of electronic infrastructure;
- The need is noted to establish a uniform procedure of forming a personnel pool by including in such a pool most promising employees on a competitive basis. This is done in order to improve

the quality of professional training and retraining of individuals considered for promotion to higher positions, as well as to expedite decisions related to appointments to fill vacancies;

- In order to implement anti-corruption measures, civil servants are obliged to submit details of their personal and their family members' income, property, expenses, and property obligations to the personnel department of their respective organisations; furthermore, limitations are imposed that apply to civil servants after retirement, e.g. temporary prohibition to hold positions in organisations whose functions are related to state administration organisations in which were officially serving as civil servants;
- The law introduces remuneration of civil servants based on performance results of the State body they work for; it also introduces a package of material and non-material incentives and awards for efficient and honourable service;
- To attract highly skilled graduates of higher and specialised secondary educational establishments to join the civil service, the law foresees the possibility of making an agreement between employers' representatives, educational establishments, and students for training on the condition that they are subsequently obligated to join the civil service;
- The law also defines grounds for sending civil servants for professional training or retraining; it makes civil servants' career advancement conditional on their enhanced training results, which are expected to serve as additional motivation for such training; the law introduces the procedures of planning and placing orders for enhanced training of civil servants which is uniform for all State bodies.

As a result of the adoption of these amendments, the implementation of the fundamental premises of the Concept of Reform of the State Service System of the Russian Federation was initiated.[33] Proceeding from the public law nature of State service, the Concept defines it as an institution intended to facilitate regulation of relations between citizens and State bodies, rather than just exercise authority of the latter. At the same time,

[33] Concept of Reform of the State Service System of the Russian Federation approved by the President of the Russian Federation 15 August 2001; The text of the Concept has not been officially published.

the Concept features modernisation potential for building an open and democratic State Service, which, however, has not yet been fulfilled in the legislation. This fact calls for further State Service reform as a priority issue.

12.4.3 Headcount of Civil Servants in State Bodies of the Russian Federation

The total number of government employees in the Russian Federation in 2017 was about 2,172,900, with the majority working in the executive branch (87 per cent) and the regional (state) level of federal bodies (96 per cent). The data in Table 12.4 presents both horizontal and vertical power systems showing a significant increase in local government employment. A forty-eight per cent increase in the number of employees is observed over the past twelve years. Approximately the same situation is observed with the number of civil servants in the Russian Federation. In 2016, there were 758,775 people, an increase of 31 per cent compared to 2005 (Table 12.5).

Table 12.4 Headcount of state bodies personnel by branches and tiers of government of the Russian Federation (in thousands)

		2005	*2010*	*2014*	*2016*	*2017*
	Total	*1462.0*	*1648.4*	*2211.9*	*2146.3*	*2172.9*
Government by branch	Legislative	24.4	32.8	33.1	30.6	30.6
	Executive	1,234.0	1,385.3	1,925.8	1,861.7	1,888.3
	Judiciary and Prosecution	192.8	214.6	230.1	230.6	230.3
	Other	8.3	13.5	20.6	20.9	21.4
Government by tier	*1. Federal (total)*	*766.8*	*868.8*	*1,454.3*	*1,409.7*	*1,438.4*
	(a) central level bodies	41.1	47.5	49.6	49.0	49.7
	(b) regional level bodies	725.6	821.4	1,404.7	1,360.7	1,388.0
	2. State bodies	230.7	272.6	264.3	259.3	262.2

Source http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/state/#

Table 12.5 Number of employees holding state and civil service positions in state bodies of the Russian Federation

	1999	*2002*	*2005*	*2009*	*2013*	*2016*
Total	*485,566*	*576,050*	*684,202*	*868,151*	*786,400*	*758,775*
Executive Branch	395,253	454,380	556,760	710,949	624,035	587,230
Legislative Branch	7,995	10,368	11,989	13,099	12,427	11,544
Judiciary and Prosecution	78,281	105,655	105,672	131,966	136,165	145,459
Other State Bodies	2,054	3,362	7,610	9,900	11,479	12,200

Source http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/state/#

In general, one of the most popular approaches to optimising government expenditures is through reduction in the number of public servants. The Russian Federation is no exception, as it also engages in reducing the number of civil servants from time to time. On the other hand there has been a proportionate increase in the number of public employees, from 18 to 29.8 per 1,000 over the course of 16 years.[34] However, the main question is not the headcount of those involved in performing public administration functions, but their efficiency and effectiveness in performing such functions, as well as citizens' satisfaction with the quality of public services provision (Aleksandrov et al. 2014). In this context, it is important to point out that there has been an increase in the number and quality of public services provision.

12.4.4 System of Administration of Civil Service of the Russian Federation

One of the focus areas of civil service reform in the Russian Federation is putting in place a system of civil service administration, that is necessary for both the improvement of the efficiency of civil service performance, in particular and the reinforcement of the State and the development of civil society in general. Thus, as early as 1991, a concept was developed for the creation and establishment of a centralised institution responsible for the design and implementation of national policy in the area of state and municipal administration.

[34] http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/state/#.

For this reason, the Chief Directorate for Training of State Service Personnel under the Government of the Russian Federation (*Roskadry*) was established in 1991,[35] and its goals, objectives, authority, and a list of subordinate organisations were defined.[36] Core activities of *Roskadry* included: (i) the acquisition of the monopoly right to support and supervise state civil servants; (ii) the establishment of federal ownership right of projects and property related to training of the state civil service personnel; (iii) the development of laws, provisions, etc, to regulate the activities of civil servants and streamlining of their work; and (iv) initiating the development of civil service regulation.

The *Roskadry* has managed to obtain a legal status, create a fairly efficient organisational structure, form an extensive network of branches, and take control, on behalf of the Federal Government, of the property of the former bodies of the Communist Party of the USSR that was used for training of administrative personnel. However, the *Roskadry* failed to become a body capable to undertake full responsibility for design and implementation of a national civil service policy. It has only managed to implement a small portion of its mandate related primarily to enhanced training of civil servants and provision of advisory services to federal and regional authorities.

The creation of a system of Russia's civil service administration was provided for by the Decree of the President of the Russian Federation № 1336 (19 November 2002) that approved the Federal Programme "Reform of Civil Service of the Russian Federation (2003–2005)".[37] According to the Programme document, the need to reform the civil service was, to a large extent, determined by "*not full compliance with the principle of unity of civil service and system of civil service administration at the federal and regional levels*". Thereafter, the Decree of the President of the Russian Federation № 261 (10 March 2009) "On the Federal Programme Reform and Development of the System of Civil Service of the Russian Federation (2009–2013)" once again named as one of the priorities putting in place a system of civil service administration. The authors of the Programme perceived the absence of such a system as one

[35] Approved by Decree of the President of the Russian Federation № 242 (28 October 1991).

[36] Approved by Decree of the Government of the Russian Federation № 145 (6 March 1992).

[37] Collected Acts of the Russian Federation (2002), № 47, Article 4664.

of the causes of overall inefficiency of the system of state and municipal administration. The programme also indicated insufficient coordination of practical action between units of the State institutions responsible for enforcement of Russia's public service laws.

Key priorities of this programme included: (i) further introduction of modern management principles in the civil service; (ii) development of a system of detailed qualification criteria for civil servants, and for those applying to join the civil service; (iii) enhancement of the quality of selection of candidates for civil service positions; (iv) introduction of comprehensive evaluations of civil servants; (v) introduction of continuous professional development of civil servants; (vi) development of a multi-factor system of incentives for civil servants; (vii) further implementation of technology solutions to prevent corruption among civil service personnel; and (viii) transparency of civil service and promotion of social participation.

The abovementioned decree sets forth the requirement to create an organisational structure of civil service administration, form a legal framework for this, and provide a methodology for State institutions that administer the civil service at the level of the constituent entities of the Russian Federation. Only by adopting legislation on the system of administration of the civil service will it be possible to achieve uniformity of principles of, and approaches to, administration of civil service in constituent entities of the Russian Federation, improve the coordination of civil service transformation activities and create a framework for uniform scientific, methodological, and advisory support.

Later the legislator gave up on any attempts to build a centralised system of administration for the whole system of civil service. According to the "Priorities for Development of the Civil Service of the Russian Federation"—approved by Presidential Decree № 403 (11 August 2016)—the authority to formulate state policy and exercise regulation of the civil service was vested in the Ministry of Labour and Social Protection of the Russian Federation.

At the federal level, matters of civil service administration are dealt with by a number of State entities organised by the authority of the President of the Russian Federation. One of the most important ones is the Presidential Commission on Reform and Development of the Civil Service

approved by a Presidential Decree.[38] The main tasks of this Presidential Commission are:

- Preparation of proposals to the President of the Russian Federation on issues: (a) improving the legal and organizational support of the public service of the Russian Federation; (b) the development of state policy in the field of formation and effective use of the reserve of managerial personnel; and (c) development strategy of the human resource of the Russian Federation;
- Consideration of proposals for: (a) improving the legislation of the Russian Federation on public service, materials on the reform and development of public service, and draft legislative and other regulatory legal acts on public service; and (b) improving the procedure for the formation and effective use of the reserve of managerial personnel, including the reserve of managerial personnel under the patronage of the President of the Russian Federation, as well as proposals on the training of managerial personnel;
- Development of recommendations to senior officials (heads of the highest executive bodies of state power) of the constituent entities of the Russian Federation on improving the work with the reserve of managerial personnel in the constituent entities of the Russian Federation and its effective use;
- Consideration of draft legislative and other regulatory legal acts of the Russian Federation on the formation and effective use of the reserve of managerial personnel, as well as on the training of managerial personnel;
- Monitoring and analysis of the practice of applying the legislation of the Russian Federation on public service, informing the President of the Russian Federation about the situation in this area.

[38] Decree of the President of the Russian Federation № 126 (9 February 2013) "On Commission for Civil Service and Administrative Personnel Pool under the President of the Russian Federation", as amended by Decree of the President of the Russian Federation № 491 (18 October 2017); Collected Acts of the Russian Federation 3 (11 February 2013), № 6, Article 500.

In addition, an important role in civil service administration is assigned to the Presidential Department for Civil Service and Personnel.[39] This Department has a rather broad agenda. Specifically, it:

- Supports the President of the Russian Federation in exercising presidential authority in HR-related matters and in implementation of state policy for the civil service of the Russian Federation;
- Supervises, within the scope of its mandate, compliance with federal laws (insofar as it refers to the powers of the President of the Russian Federation), decrees, orders, and instructions of the President of the Russian Federation on matters related to civil service and its personnel;
- Prepares proposal letters for the President of the Russian Federation on questions related to reform and development of the civil service, as well as on HR-related matters;
- Supports, within the scope of its mandate, the President of the Russian Federation in defining priorities of personnel management policy, reform, and development of the civil service, and it facilitates coordination and interaction of state authorities when dealing with such matters;
- Facilitates, within the scope of its mandate, activities of the Russian "*Pobeda*" (Victory) Steering Committee, Presidential Commission for Civil Service and Administrative Personnel Pool, Presidential Commission for Preliminary Consideration of Candidates for Federal Court Judges, Presidential Commission for HR Policies of Law Enforcement Agencies, as well as other deliberative and advisory bodies under the President of the Russian Federation.

Other key functions of the Presidential Department for Civil Service and Personnel include submission of proposals to the President of the Russian Federation concerning the organisation of the civil service, including the civil service administration. It is also worth mentioning that the Department of Civil Service and Personnel was also established in order to

[39] Decree of the President of the Russian Federation № 1382 (4 December 2009) "On Approval of 'Provisions on Department of the President of the Russian Federation for State Service and Personnel', as amended by Decree of the President of the Russian Federation № 656 (7 December 2016)"; Collected Acts of the Russian Federation (7 December 2009), № 49 (Part II), Article 5922.

improve personnel management activities of the Executive Office of the Government of the Russian Federation, enhance the professional skills and expertise of civil servants, upgrade personnel selection mechanisms and develop a system of performance evaluation and certification of civil servants.[40]

Another federal executive body dealing with civil service matters is the Ministry of Labour and Social Protection of the Russian Federation. The Ministry's mandate mentions that it is the federal executive body responsible for elaboration and implementation of state policy and legal regulation in the sphere of the civil service (except for labour compensation matters), as well as for methodological support of measures for municipal service development, management of state property and provision of government services within the scope of its competence.[41] To perform these functions, the Ministry has established a structure, the Department of State Policy of Municipal Service and Prevention of Corruption.[42] According to its mandate, the Department is responsible for:

- Staffing of civil service and introduction of personnel management solutions;
- Civil service headcount planning and management;
- Institutional development of the system of civil service and public administration;
- Professional development of the civil service personnel;
- Career management;
- Countering corruption in public administration;
- Development of anti-corruption measures and provision of advisory and methodological support and conduct of regular audits to assess the implementation of such measures;

[40] Executive Order of the Government of the Russian Federation № 88-p (28 January 2011) "On Establishment in the Executive Office of the Government of the Russian Federation of the Department for State Service and Personnel of the Government of the Russian Federation".

[41] Decree of the Government of the Russian Federation № 610 (19 June 2012) "On Approval of the Provisions on the Ministry of Labour and Social Protection of the Russian Federation, as amended by Executive Order of the Government of the Russian Federation № 797 (5 July 2017)"; Collected Acts of the Russian Federation (25 June 2012), № 26, Article 3528.

[42] Approved by Order on the Ministry of Labour of Russia № 1 (12 January 2015).

- Methodological support of measures aimed at further development of the municipal service.

Experts believe that the list of federal institutions currently performing various functions related to the civil service administration should also contain the Ministry of Finance of the Russian Federation. This Ministry deals with civil servants' salaries, as well as with the salaries of departmental "quasi-bodies" engaged in civil service administration. According to a number of presidential decrees, prior to the establishment of a civil service administration body, its functions must be performed by federal institutions themselves, i.e. establishment of commissions for competitions to fill vacancies, certification, qualification tests, etc. (Borshchevski 2016).

At the level of constituent entities of the Russian Federation, special bodies for civil service administration are established and vested with proper powers to fulfil their mandates. In some regions, such bodies are organised as commissions (councils), in some other regions as divisions of other state bodies. Quite often their authority covers administration of both civil and municipal service.

At this point it is worth noting the multi-entity nature of the management of civil service in the Russian Federation. Between 1991 and 2018, there were over 20 public service management bodies at the federal level alone. Nowadays, these functions are distributed between the Presidential Department for Civil Service and Personnel, the Presidential Commission on Reform and Development of the Civil Service, and the Ministries of Labour and Social Protection, Finance, and Economic Development. Moreover, personnel units exist in all federal government bodies and personnel bodies in 85 constituent entities of the Russian Federation.

12.4.5 Personnel Management Policy in the System of Civil Service of the Russian Federation

Professionalism and competence of civil servants are two of the key principles defining their activities within the system of the state civil service, as first defined by the Concept of Civil Service Reform, approved by the President of the Russian Federation (15 August 2001). This principle is repeated many times in various laws and policy documents, rendering it absolutely critical for personnel management in the civil service system of the Russian Federation.

A very important document, whose provisions will determine the path of further development of civil servants is the Decree of the President № 288 (24 June 2019) "On Priorities of Development of Civil Service of the Russian Federation in 2019–2021". According to this document, civil service development for the period 2019–2021, will focus on: improving the procedure for appointing citizens and civil servants to the posts of the civil service of the Russian Federation; motivating civil servants to increase the efficiency of their professional performance; developing a system of state legal and social guarantees in the civil service; introducing new forms of professional development of civil servants, including those involving the use of information and communication technologies; and implementing ICT solutions for improving the quality of human resource management in government organisations.[43] A roadmap has been developed for the purpose of proposing work on the following tasks:[44]

- Introduce a unified test methodology in the civil service of the Russian Federation;
- Improve methods—by also utilising ICT—for assessing the professional qualities of existing civil servants and other individuals applying for civil service posts and their inclusion in the civil service personnel reserve;
- Monitor effectiveness of personnel work in federal executive bodies and executive bodies of the constituent entities of the Russian Federation;
- Ensure that the federal state information system functions as a single specialised information resource system for the professional development of civil servants;
- Introduce an electronic personnel records management;
- Form a digital profile for each civil servant, as well as a digital profile of civil service posts, in a single information system.

[43] Decree of the President of the Russian Federation № 288 (24 June 2019) "On Priorities of Development of the State Civil Service of the Russian Federation for 2019 – 2021"; http://www.kremlin.ru/acts/bank/44367.

[44] Government of the Russian Federation Order № 1646-r (24 July 2019) "On Approval of the Plan of Measures ('Road Map') for the implementation of the main directions of development of the civil service of the Russian Federation for 2019–2021".

Effective public administration, especially in the face of increased international competition, requires that all tasks and functions assigned to government organisations are professionally fulfilled. Therefore, in order to ensure the quality of the civil service personnel, the selection for the civil service of the Russian Federation should be based on best Russian and international practices, taking into account the latest developments and practices in HR management. Currently, the human resource management system for the civil service personnel in the Russian Federation is a set of interrelated activities (personnel planning, staff recruitment, selection of personnel, appointment) that are carried out by state bodies in order to ensure the proper and efficient implementation of their functions and tasks.

The main means of ensuring equality in filling vacant civil service posts and recruiting qualified personnel is the competitive selection process. Recruitment competition is the main method ensuring the constitutional right of citizens to enjoying equal access to the civil service. This system allows state government entities to ensure openness, objectivity, and effectiveness in selecting the appropriate personnel for forming a professional staff body, by reducing the subjectivity factor in candidates' evaluation; in combination with a high-quality set of competitive assignments and detailed qualification requirements (Khabrieva 2013).

For the process of filling a vacant civil service position a Contest Commission is formed by legal act of the relevant state body. The Contest Commission includes an employer representative and/or authorised civil servants, e.g. from the civil service and personnel subdivisions, juridical (legal) subdivisions, and from the subdivisions, which the contest is held for filling the vacancy, a representative of the corresponding civil service management body. It also includes representatives of scientific and educational organisations, and other organisations invited to participate by the civil service management body as independent experts on issues related to the civil service, without, however, revealing their personal data. The number of independent experts should be at least one quarter of the total number of the contest commission members.

In order to prevent violations of the law on admission to the civil service and its principles, the prospective employer government organisation also

forms a Commission for individual service disputes.[45] The functions of this Commission include:

- Consideration of appeals of citizens and civil servants about violations of the law during competitions both directly in relation to applicants and the procedure as a whole;
- Pre-trial settlement of official disputes on the established facts of violation of the law during the competition through an appropriate submission to the head of the state body.

Proper fulfilment of these functions will contribute to the implementation of intra-departmental control over the compliance of the competitive procedure with the requirements of the law and the methodological appropriateness of the process of its organisation and implementation, which is one of the ways to ensure the implementation of the principle of equal access to public service, as well as the professionalism and competence of civil servants.

A unified methodology—hereinafter the "Unified Methodology"—for holding competitions in filling vacant civil service positions and for inclusion in the personnel reserve was approved in 2018.[46] Additionally, in March 2019, the methodological tools for forming the civil service personnel reserve were finalised—hereinafter the "Methodological Instrumentation".[47] The stages of preparation and conduct of competitions and their content are:[48]

- The preparatory phase which includes: (a) updating, if necessary, the regulatory provisions with respect to civil service vacancies and their replenishment through the announcement of competitions; (b) selection of methods for assessing the professional and personal qualities of candidates (hereinafter—evaluation methods) and the

[45] Federal Law № 79-FZ, Article 70.

[46] Decree of the Government of the Russian Federation № 397 (31 March 2018).

[47] https://www.garant.ru/products/ipo/prime/doc/72098548/#110.

[48] The stages are defined by Clause 6 of the Regulation on Competitions for filling vacant civil service positions (Decree № 112), as well as in the Unified Methodology and the Methodological Instrumentation.

formation of their respective competitive tasks; and (c) establishment of the contest commission;
- The first stage that includes (a) announcement of the competition; (b) receipt and analysis of documents submitted by applicants, and verification of the accuracy of the information contained in them; and (c) selection and admission of applicants to the second stage of the competition; and
- The second stage which provides for (a) evaluation of candidates' performance on the assigned competitive tasks; and (b) a meeting of the contest commission to decide on the selection of the most suitable candidate for the position.[49]

The identification of certain professional and personal qualities of candidates during a competition is of particular importance since they indicate their ability to put into practice the knowledge and skills that are necessary for the performance of their official duties. In addition, only by assessing the professional and personal qualities of candidates, one can determine their motivation for quality performance of their duties and for professional development, which are important for achieving high results in the civil service. Moreover, candidates are required to possess certain personal qualities that are conducive to a successful adaptation in teams and a constructive interaction in a friendly atmosphere with their peers. In this regard, when choosing competitive tasks, it is recommended to pay special attention to ensuring that these tasks allow for an adequate assessment of candidates' professional and personal qualities. Therefore, based on the provisions of the Unified Methodology, such professional and personal qualities to be evaluated are:

- For all candidates: strategic thinking; teamwork; personal effectiveness; and flexibility and willingness to change;
- For candidates applying for civil service posts of the categories "leader" and "specialist" of the highest main and leading groups of posts: leadership; and managerial decision-making.

[49] The decision of the contest commission in selecting the winner of the competition for the vacant civil service position—the candidate(s) for inclusion in the personnel reserve—is made by simple majority of open votes by the commission members present at the meeting. When making a decision, the members of the contest commission are guided by the assessment results of the professional level of candidates and their rating.

Methods for the evaluation of candidates for compliance with qualification requirements are determined taking into account: (a) categories and groups of a vacant civil service post;[50] (b) areas and types of activities; and (c) the need to verify the candidates' highly specialised knowledge and skills defined in the official rules. The following assessment methods are available: individual interview; questionnaire; group discussions; report writing and other written work; testing on issues related to the performance of the vacant civil service post's official duties.[51] Once the results of the competition are known, an appointment letter is issued to the selected candidate for the vacant civil service position by the prospective government entity employer and an official contract is signed thereafter. Alternatively, a decision is issued by the same government entity placing the selected candidate in the personnel reserve.[52]

An important document relevant to such issues is the "General Concept of Formation and Use of Administrative Personnel Pools in the Russian Federation".[53] It introduces new concepts related to personnel development. For example, "*Personal and professional resources*", i.e. professional, and personal (including moral) qualities of candidates for, and members of, the administrative personnel pools based on their professional, managerial, and life experiences; and which "allow them to perform their official duties efficiently and effectively, as well as increase their potential for further development of these qualities". Or, "*Personal and professional development*", i.e. acquisition by candidates for, and members of, the administrative personnel reserve of knowledge, proficiency, skills, professional and life experiences, which will positively contribute to their professional development and to manifest their high level of professionalism and their personal professional achievements.

[50] Please see Article 9 Federal Law № 79-FZ "…Civil service posts are divided into categories and groups". There are four main categories of civil service posts (1) Heads; (2) Advisers; (3) Specialists; (4) Providing specialists.

[51] What combination of evaluation methods to be used are a prerogative of the prospective employer to decide independently from the specific methods of evaluation and approaches for their application contained in the methodology of the competition; as approved by a regulatory legal act of the relevant state government entity.

[52] It is worth noting that the personnel reserve is an important mechanism for filling vacant civil service positions, especially in cases when it is necessary to fill a position in the short term.

[53] Approved by the Presidential Commission for State Service and Administrative Personnel Pool, Minutes № 5 (29 November 2017).

At the same time, further development of the administrative personnel pool system continues by forming a federal candidate pool of administrative personnel, which today consists of three levels: higher, basic, and prospective. The federal candidates pool comprises 1,959 individuals (as of 12 July 2017).[54] In addition to the federal candidate pool, a regional pool of reserve administrative personnel has been created, which comprises 8,724 people (as of 1 July 2017). To ensure the continuous professional development of the federal pool of administrative personnel, the Federal Programme "Training and Retraining of Reserve Administrative Personnel (2010–2018)" has been adopted.[55] The system of candidate pools also includes reserve personnel pools of federal state bodies which are regulated by Federal Law № 79-FZ (27 July 2004) "On Civil Service of the Russian Federation" and the Decree of the President of the Russian Federation № 96 (1 March 2017) "On the Approval of Provisions on Candidate Pool of a Federal State Body". According to the "Provisions on Candidate Pool of a Federal State Body", professional development of civil servants, who are members of a candidate pool of a federal state body, is administered by this body based on the civil servants' individual plans of professional development approved by this body. Pooling of reserve personnel is also provided for by Article 64 of Federal Law №79-FZ.

In general, the main functions of the personnel services of public authorities in the Russian Federation (subdivisions of state bodies on public service and personnel) include:

- Creation of personnel reserve for filling civil service posts;
- Organisation of the preparation of draft acts of the public authority related to entry into the civil service; their adoption; conclusion of a service contract; appointment of a citizen to a civil service post; relieving a civil servant from an obsolete post; dismissal of a civil servant from the civil service; retirement; and implementation of the relevant decisions of a state government entity;

[54] https://gossluzhba.gov.ru/Rezerv.

[55] Executive Order of the Government of the Russian Federation № 636-r (22 April 2010) "On the Approval of the Federal Programme 'Training and Retraining of Reserve Administrative Personnel (2010-2018)", as amended by Executive Order of the Government of the Russian Federation № 2775-r (30 December 2015)"; Collected Acts of the Russian Federation (2010), № 19, Article 2339.

- Maintenance of employment records, personal files, and the register of civil servants working in a state body;
- Registration and issuance of official certificates of civil servants;
- Oversight of activities of the commission to resolve conflicts of interest;
- Organisation and support of competitions for filling vacant civil service posts and the inclusion of civil servants in the personnel reserve; certification of civil servants; conducting qualification examinations of civil servants;
- Organisation of conclusion of contracts on target training;
- Organisation of professional development of civil servants;
- Formation of the personnel reserve, organisation of work with the personnel reserve and its effective use;
- Organisation of the verification process for accuracy of personal data and other information submitted by a citizen when entering the civil service, as well as provision of access to the information constituting a state secret;
- Organisation of official inspections;
- Organisation of the process for checking the accuracy of data on income, property, and other assets of civil servants, as well as their observance of limits and restrictions established by this and other Federal laws;
- Provision of advice to civil servants on legal and other matters of the civil service.

In order to assess the efficiency and effectiveness of the work of the Federal executive bodies personnel services, including the effectiveness of using personnel reserves, the Ministry of Labour has prepared methodological tools[56] aimed at creating a multifactor system for assessing the quality of implementation of the main processes of personnel work at the state body level. This methodology includes personnel management, staffing, personnel evaluation, professional development, material incentives and non-material motivation, formation of the foundations of professional culture and anti-corruption mechanisms. It is assumed that the use of these tools will create guidelines for improving personnel management work through the introduction of a strategic approach to its

[56] Letter dated 28 April 2018 № 18-0/10/P-2957.

organisation, the development of modern personnel technologies, organisational and structural transformation, and the regular assessment of the professional performance of public civil servants.

Nowadays, the Russian Federation's policy agenda includes the development of a political elite as a stratum of people who understand the goals of the country's development and are ready to stand up for its interests. In this context, it is worth mentioning some projects that are intended to help identify young administrative talent and ensure their further development. One such project—implemented in 2017—is the open platform "*Russia, the Land of Opportunity*",[57] which is designed to host social elevation initiatives, support important philanthropic efforts, and facilitate the activities of volunteers and social actors. This platform is used to implement actions such as the all-Russian management contest "Leaders of Russia", the students' management competition "Manage", and such nation-wide students' competitions as "I am Professional" in the categories "State and Municipal Administration" and "Management" respectively.

12.4.6 Training

An undisputable leader in training of personnel of the state and municipal administration is the Russian Academy of National Economy and Public Administration (RANEPA) under the President of the Russian Federation. The Academy's success is largely explained by its long tradition of educational activity in public administration, as well as the engagement of its clients, i.e. state authorities. The Academy trains state and municipal administration personnel by providing higher education and continuing professional education programmes, research and development, expert analysis and advisory projects aimed at, but not limited to, shaping, and developing human capital for the state and municipal administration. The mission statement of the Academy reflects its role and importance in training public administration personnel:

> *Training of globally competitive and adaptive administrative personnel for the public, social and private sectors in order to ensure innovative development of society; conducting theoretical and applied research and development*

[57] http://xn--80aagmefqvffhccromen.xn--p1ai/.

in the socio-economic field and in the humanities; provision of scientific and analytical support to the state bodies of the Russian Federation.[58]

One of the key components of the training provided to the state and municipal administration personnel is the Academy's higher education programmes, e.g. bachelor's, master's, and Ph.D. degree programmes, in particular its M.P.A. (Master of Public Administration) and its D.P.A. (Doctor of Public Administration) programmes, and other specialised graduate programmes, which cover a broad range of subjects, including State and Municipal Administration. In improving further, the Academy's capacity, its educational and methodological board has developed a system of internal educational standards. Besides, the Academy is fully engaged in the development of federal state education and professional standards.[59]

Another core activity of the Academy is the organisation and implementation of enhanced professional training programmes for personnel of the state and municipal administration additional professional programmes, including advanced training and internship programmes.[60] Development of this field of activity is based on the declared principles of the Academy, one of which is the principle of continuity of education, "*Modern education accompanies leaders and specialists throughout their entire professional careers*".[61] Furthermore, the Academy's training-related activities of state and municipal administration personnel include research and development, information analysis and expert advice projects. Such activities pursue the following objectives:

- Fulfilment of Executive Order of the Government of the Russian Federation № 1919-r (12 September 2016) "On the Approval of the Plan ('Roadmap') of Priority Activities Related to Development of Civil Service of the Russian Federation for the period 2016–2018, as approved by the Decree of the President of the Russian Federation № 403 (11 August 2016)". Part of this plan is the creation

[58] http://www.ranepa.ru/ob-akademii.

[59] Important for the implementation of higher education programmes of the Academy is its collaboration with prospective employers, which implies involvement in training activities of their representatives (professors of practice), as well as internship programmes that help students to fulfil their potential.

[60] For example, "*дополнительных профессиональных программ*".

[61] http://www.ranepa.ru/ob-akademii.

of the *EISU KS*,[62] a centralised information system designed to manage personnel records of civil servants and thus facilitate their professional development;

- Development, introduction, and replication—across the Russian Federation—of a technology for comprehensive resource analysis, where results of such analysis will be used for further advancing the prospects for personal and professional development of public servants; and
- Development and assessment of the Candidate Pool Concept based on new principles of organisation of professional development for administrative personnel engaged in the state and municipal administration of the Russian Federation.

12.4.7 System of Material Incentives for Civil Servants in the Russian Federation

According to Article 50 of the Federal Law "On Civil Service of the Russian Federation",[63] civil servants receive compensation for their labour in the form of monetary payment, which is the main source of their material security and the main incentive for serving in civil service positions. Article 52 of the said federal law considers salaries of the civil servants as a form of a state guarantee of social protection. The salaries of the federal civil servants are paid from the state budget of the Russian Federation. According to official data of the Federal State Statistics Service (*Rosstat*), the gross monthly salary of federal civil servants working in public administration in 2018 was 126,600 rubles.[64] Table 12.6 presents the average monthly salary of federal civil servants between 2008 and 2018.

The Decree of the President of the Russian Federation № 601 refers to the dependence of the remuneration of civil servants on the achievement of professional performance indicators, as well as to a unified approach for payment of bonuses to civil servants for the performance of particularly important and complex tasks based on results; to the application

[62] Unified Personnel Management Information System (*ЕИСУ КС - Единая Информационная Система Управления Кадрового Состава)*.

[63] Federal Law № 79-FZ (27 July 2004) "On the State Civil Service of the Russian Federation", as amended by Federal Law № 461-FZ (11 December 2018).

[64] Federal State Statistics Service http://www.gks.ru/.

Table 12.6 Dynamics of monthly salaries of federal civil servants (2008–2018)[a,b]

Year	*Average monthly salary (in rubles, thousand)*	*Absolute change (in thousand rubles)*	*Relative change (%)*
2008	83.8	-	-
2009	58.2	−25.6	69.5
2010	60.7	2.5	104.3
2011	62.6	1.9	103.1
2012	72.1	9.5	115.2
2013	98.4	26.3	136.5
2014	109.1	10.7	110.9
2015	111.3	2.2	102.0
2017	120.1	8.8	107.9
2018	126.6	6.5	105.4

Source Federal State Statistics Service (2019)

[a]Data for central offices of ministries and agencies without FSTEC Russia, Foreign Intelligence Service of Russia, Federal Security Service of Russia, Federal Guard Service of Russia, and Chief Directorate for Special Programs of the President of Russia

[b]Apart from civil servants, the total number of personnel as per schedule of positions and salaries includes personnel that held public positions, positions of federal public services of other types (personnel with special ranks), positions other than those of civil service, as well as building security and maintenance personnel

of a system of comprehensive assessment of the activities of public civil servants using key performance indicators and a public assessment of their activities, including ratings received through social networks and the views of online communities.[65]

In implementing the provisions of this Decree, and in order to assist government bodies in incorporating HR technologies that improve the performance of civil servants, the Ministry of Labour of the Russian Federation has developed a methodology for the comprehensive evaluation of professional performance of civil servants.[66] According to this methodology, it is recommended that a comprehensive evaluation is carried out through a review of civil servants' performance by their immediate supervisor containing an assessment along the following parameters:

[65] Decree of the President of the Russian Federation № 601 (7 May 2012) "On the Main Directions of Improving the Public Administration System".

[66] https://rosmintrud.ru/uploads/imperavi/ru-RU/Metodika_po_vsestoronnej_otcenke.pdf.

(a) efficiency and productivity of the professional performance of civil servants; (b) qualifications; and (c) professional and personal competencies.[67] Each of these parameters is evaluated separately and the rating for each—"A", "B", "C", "D" or "E"—is marked in the corresponding columns of the annual review form.[68] However, for ensuring the comprehensiveness of assessments in cases where a rating of "A", "B" or "E" is assigned, a conditionality exists that dictates that no more than 10 per cent of civil servants assessed can be assigned with an "A" rating; likewise, no more than 10 per cent with a "B" rating or more than 20 per cent with an "E" rating. In this regard, if the direct supervisor made a biased under- or over-estimation of the ratings, which led to the overall ratings going beyond the indicated quotas, then there is a need to revise the ratings so that they correspond to quotas set.

A necessary step in conducting a comprehensive assessment is the discussion of the results between the supervisor (evaluator) and the subordinate (evaluated). The main purpose of this meeting is to determine the subordinate's prospects for further professional development, e.g. career growth, professional training, etc in order to improve the quality of their performance in the future.

The results of a comprehensive assessment can be taken into account when deciding on:

- The need for professional development of civil servants, by referring them to training under the programme of additional professional education;
- The need for professional development of civil servants in case they are appointed to a position without a competition, or when there is horizontal movement to another structural division of a state body;

[67] A comprehensive assessment can be scheduled (carried out annually since the reporting period is a calendar year or a service year); or unscheduled (carried out when the reporting period is less than a calendar year or a service year).

[68] "A" = highest level; "B" = high level; "C" = sufficient level; "D" = insufficient level; and "E" = unsatisfactory level (Methodology for a comprehensive assessment of civil servants' performance; https://rosmintrud.ru/uploads/imperavi/ru-RU/Metodika_po_vsestoronnej_otcenke.pdf).

"B"—"high level", "C"—"sufficient level", "B"—"insufficient level", "E"—"unsatisfactory level" is contained in the Methodology for a comprehensive assessment of professional performance of a state civil servant.

- The necessity of including civil servants in the personnel reserve of a state body, in order to create opportunities for their further career growth if they are appointed to a higher position following the results of competitive procedures;[69]
- The size of the bonus for performing especially important and difficult tasks and other bonus payments (when they are carried out in a state body);
- For encouragement and rewarding.

Furthermore, a mandatory certification of a civil servant is provided for in the legislation (every three years).[70] Results of the certification may lead to one of the following decisions by the attestation commission;[71]

- Meets the requirements of a substitute civil service position and is recommended for inclusion in the personnel reserve to fill a vacant civil service post in the order of job growth;
- Meets the requirements of a substitute civil service position;
- Meets the requirements of a substitute civil service position if he/she successfully completes additional professional education;
- Does not meet the requirements of a substitute civil service position.

In order to ensure the validity of such a decision, direct supervisors should provide a motivating review on civil servants' performance of their duties for the certification period. In this context, forming a comprehensive overview on the quality of performance of official duties by civil servants, it is proposed that the results of the comprehensive assessments of annual reviews for the certification period are used when preparing the specified motivated review.

Civil servants possessing higher qualifications, higher level of professional education, have obtained received better results in the assessment of their professional activities' assessment, and have served in their specialisation for a lengthy period of time, enjoy the right to fill a civil service position pre-emptively.[72] For example, if a civil servant has received a

[69] In the manner prescribed by Federal Law № 79-FZ, Article 64, Paragraph 6.

[70] Prescribed by Federal Law № 79-FZ, Article 48, Paragraph 4.

[71] Prescribed by Federal Law № 79-FZ, Article 48, Paragraph 15.

[72] Federal Law № 79-FZ, Article 31, Part 4.

comprehensive "A" rating, he or she should be promoted in the very near future if there is a vacancy in the civil service, which is not subject to a competition.

12.4.8 Ethical Aspects of Civil Service and Prevention of Corruption

The organisational and legal framework of countering corruption and encouraging ethical behaviour of civil servants in the Russian Federation includes:

- Federal Law № 40-FZ (8 March 2006) "On Ratification of the United Nations Convention against Corruption";[73]
- Federal Law № 79-FZ (27 July 2004) "On Civil Service of the Russian Federation";
- Federal Law № 273 (25 December 2008) "On Combating Corruption";
- Federal Law "On Anti-Corruption Examination of Regulatory Legal Acts and Drafts of Regulatory Legal Acts";[74]
- Federal Law of the Russian Federation "On Control over Consistency of Expenditures of Persons Holding Government Offices and of Other Persons to Their Income";[75]
- Federal Law of the Russian Federation "On Prohibiting Certain Categories of Persons to Open and Hold Accounts (Deposits), to Keep Cash and Valuables in Foreign Banks Located outside of the Territory of the Russian Federation, Possess and/or Use Foreign Financial Instruments";[76]

[73] Russian Justice. 2004. № 4; Collected Acts of the Russian Federation (2006), № 26, Article 2780; Bulletin of International Treaties (2006), № 10.

[74] Federal Law № 172-FZ (17 July 2009) "On Anti-Corruption Examination of Regulatory Legal Acts and Drafts of Regulatory Legal Acts", as amended by Federal Law № 279-FZ (21 October 2013); Collected Acts of the Russian Federation (20 July 2009), № 29, Article 3609.

[75] Federal Law № 230-FZ (3 December 2012) "On Control over Consistency of Expenditures of Persons Holding Government Offices and of Other Persons to Their Income", as amended by Federal Law № 303-FZ (3 November 2015; Collected Acts of the Russian Federation (10 December 2012), № 50 (Part IV), Article 6953.

[76] Federal Law of the Russian Federation № 79-FZ (7 May 2013) "On Prohibiting Certain Categories of Persons to Open and Hold Accounts (Deposits), to Keep Cash and Valuables in Foreign Banks Located outside of the Territory of the Russian Federation,

- Decree of the President of the Russian Federation "On the Approval of the Composition of the Council for Combatting Corruption under the President of the Russian Federation and of the Composition of the Presidium of this Council",[77] etc.

Federal Law № 273-FZ "On Combatting Corruption" defines the basic principles of combatting corruption, sets forth anti-corruption measures and a legal and organisational framework for prevention and combatting of corruption, and provides for remedies to minimise and/or eliminate negative effects of corruption offences. Later on, several provisions of the law were augmented by the addition of by-laws.

All in all, the system of public authorities that implement state anti-corruption policy comprises the President of the Russian Federation, the Federal Assembly of the Russian Federation, the Government of the Russian Federation, federal executive bodies, government bodies of constituent entities of the Russian Federation and local government bodies, the Prosecutor General's Office of the Russian Federation, the Accounts Chamber of the Russian Federation, as well as other bodies that may be established by the decision of the President of the Russian Federation to coordinate anti-corruption activities.

Of particular importance is the Presidential Council for Combatting Corruption. Its key objectives include:[78]

- Formulation of proposals to the President of the Russian Federation concerning elaboration and implementation of state anti-corruption policy;
- Coordination of activities of federal executive bodies, executive bodies of the constituent entities of the Russian Federation and local

Possess and/or Use Foreign Financial Instruments", as amended by Federal Law № 505-FZ (28 December 2016); Collected Acts of the Russian Federation (13 May 2013), № 19, Article 2306.

[77] Decree of the President of the Russian Federation № 1060 (28 July 2012) "On the Approval of the Composition of the Council for Combatting Corruption under the President of the Russian Federation and of the Composition of the Presidium of this Council", as amended by Decree of the President of the Russian Federation № 489 (18 October 2017); Collected Acts of the Russian Federation (2012), № 32, Article 4481.

[78] Established pursuant to Presidential Decree № 815 (19 May 2008) "On Anti-Corruption Measures" (Paragraph 2, item "a").

government bodies of municipalities related to implementation of the state anti-corruption policy;
- Supervision of activities performed under the National Anti-Corruption Plan.

Federal Law № 79-FZ "On Civil Service of the Russian Federation", more specifically its Articles 4 ("Principles of Civil Service") and 18 establish a number of ethical and moral requirements of official behaviour of civil servants, namely:

- Fidelity to duty and high professionalism;
- Impartial and equal treatment of all individuals and businesses;
- Lack of bias in dealing with any public or religious associations, professional or social groups, citizens, or organisations, etc;
- Neutrality; to rule out any influence on civil servants' official activities of decisions made by any political parties, other public associations, religious associations, or any other organisations;
- Non-commission of acts tarnishing the honour and dignity of civil servants and their professional behaviour towards citizens;
- Respect to moral customs and traditions of the peoples of the Russian Federation; and
- Prevention of conflicts capable of damaging the reputation or authority of the State body they serve, etc.

A Model Code of Ethics and Standards of Professional Conduct of Civil Servants of the Russian Federation and Municipal Servants are in place—approved by resolution of the Presidium of the Presidential Council for Combatting Corruption (23 December 2010)—which serves as the basis for the development, by the state and local government bodies of their respective codes of ethics and standards of professional conduct of civil servants and municipal servants.

This model Code is a body of general principles of professional service ethics and key rules of professional conduct to be followed by regional and municipal servants regardless of position. The purpose of this model Code is to establish ethical norms and rules of professional conduct for all civil servants including regional and municipal servants. It intends to encourage them to live up to their professional duty, reinforce their

authority, as well as the citizens' confidence in state authorities and local government bodies.

It is also important to note that the existing model Code is predominantly declarative, which obviously does not facilitate its efficient enforcement. The explanatory memorandum attached to the draft of the Code submitted for consideration highlighted that "*Due to the non-regulatory nature of some of the provisions of the Model Code, the obligation to observe it is not underpinned by proper legal liability*".[79] The only exception to the rule is the ban on accepting "gifts and other tokens of appreciation" as this entails "*doubts in impartiality*" of civil servants. This applies to all tiers of government and a number of State offices of the Russian Federation and constituent entities of the Russian Federation. According to the Instruction of the President of the Russian Federation № 159-rp (29 May 2015), the said categories of officials must turn in all received gifts with the right to buy them out with their own money. Before the adoption of this by-law, civil servants had only been obliged to report such gifts.

Reading the Code presents no difficulty for civil servants as it comprises only 12 articles. Key provisions of this document are general requirements such as faultless and unbiased fulfilment of official service duties, politeness, and friendliness in dealing with citizens, adherence with the business style and appropriateness in personal appearance. Later on, an Executive Order introduced rules and regulations over officials' accounts in social media. Such regulations do not prohibit the use of social media by civil servants; but they provide suggestions that they adhere to the existing limitations and rules of conduct.[80]

[79] http://rosmintrud.ru/labour/public-service/101.

[80] Executive Order of the Government of the Russian Federation № 2867-r (28 December 2016).

12.5 Unsolved Issues and Plans for the Future

The need to reform the system of state and municipal administration is not only typical of Russia. At a certain point in time, any country has to admit that its system of public administration no longer corresponds to its goals of economic and social development, which entails the need for reform. Historical analysis of government systems of very different states shows that all of them have to engage in some type of reform from time to time. Such reform initiatives may have both universal features that are common for all, as well as country-specific characteristics that are not only explained by historical junctures, but also by a country's legal and political traditions, national goals, and strategic objectives.

According to the Decree of the President of the Russian Federation № 204 (7 May 2018) "On National Goals and Strategic Objectives of Development of the Russian Federation for the period until 2024", the following national goals of development of the Russian Federation were identified, among other:

- Ensuring sustainable growth of the population of the Russian Federation;
- Increasing life expectancy to 78 years (to 80 years by 2030);
- Ensuring sustainable growth of the real income of citizens, as well as growth of the earnings replacement rate to a level higher than the rate of inflation;
- Reducing, by two times, the poverty rate in the Russian Federation;
- Improving housing for at least 5 million families per annum;
- Accelerating technological development of the Russian Federation; and increasing the number of organisations engaged in technology innovation by 50 per cent;
- Ensuring accelerated digitalisation of the economy and social sphere;
- Making the Russian Federation one of the top five economies in the world; ensuring an economic growth rate higher than the global average with sustained macroeconomic stability, including keeping inflation rate below four per cent; and
- Creating high performance export-oriented sectors in all key industries, primarily however in manufacturing and agriculture, enabled by advanced technology solutions and staffed with highly trained personnel.

It is expected that all these goals will be achieved as part of national projects as follows: demography; healthcare; education; housing and urban environment; environment protection; safe and high-quality roads; labour productivity and employment maintenance; science; digital economy; culture; and encouragement of small and individual entrepreneurship; and international cooperation and export.

However, some obstacles, challenges, and unsolved issues exist that may hinder the achievement of these goals; the following:

- Russia's federal government bodies, government bodies of the constituent entities of the Russian Federation and local governments have not yet reached a satisfactory level of efficiency in discharging their functions and duties as institutions vested with public authority;
- Federalism is imperfect. The Russian Federation has faced a difficult task in bringing together its different territories, while in the process of dismantling the Soviet model of federalism with its command system. Proclamation of equality among all constituent entities of the Russian Federation failed to resolve associated problems, because, apart from oblasts (regions), the Federation also includes some republics whose legal status is different. Besides, there exist some complex issues that have given rise to still unsettled legal conflicts. However, separation of districts from regions and republics and their transformation into administrative units with their own local authorities was just the first and declaratory step towards the creation of a democratic system of these territories with their citizens enjoying equal rights and controlling their destiny on the basis of broad powers of autonomy of their territories;
- Some elements of the former administrative command-and-control system or its remnants are still in place. Despite the collapse of the Soviet state with its administrative command model as its foothold, albeit modified, continued, and still continues to impede economic development. In 2016, the Analytical Centre under the Government of the Russian Federation conducted a survey on Russia's competitive environment, where every third respondent (33 per cent) indicated that state intervention had a negative impact in business activities of economic agents; every fifth respondent considered the state's influence on business operation controversial; and only four

per cent said that the role of the state in business is positive.[81] At the same time, administrative barriers significantly limit entrepreneurial and other economic activities, prevent inflow of investments, and increase overhead costs;

- The system of state and municipal administration is not sufficiently transparent. Even though some new tools have been created and introduced, such as "Open Government", public debate on drafts of federal constitutional statutes and laws, as well as the public councils under State bodies and the system of executive power of the Russian Federation, are still not sufficiently open to the citizens and the business community;
- Interaction between state and municipal administration bodies and society is insufficient. This can be partly explained by the fact that the formation of civil society institutions has not been fully completed yet. A specific example of the existing misalignment between the State and society is the mechanism employed to conduct large-scale reforms in the economic, social, and other spheres of public life. Admitting the need for a reform, it is still difficult not to see that the reform efforts are much less than adequate.

Achieving national goals and strategic priorities requires civil service reform in the following transformation modules and strategic pathways:

a. Improving the system of the civil service administration of the Russian Federation:

    - Concentration of the functions related to the development and implementation of state policy, legal control, and regulation of civil service and those related to compensation of civil servants in one State body authorised by the Government of the Russian Federation;
    - Development and introduction of the indicator "Efficiency of Personnel Management" and of an appropriate methodology for calculating its values; and its eventual integration in the system of evaluation of efficiency of federal executive bodies;

[81] 2016 Survey of Competitive Environment in Russia, Analytical Centre under the Government of the Russian Federation, 2016, p. 24.

- Control of personnel headcount in State bodies, including their HR departments;

b. Improving the quality of staffing of the civil service of the Russian Federation:

- Introduction of an end-to-end system for selection of candidates for civil service positions, through intensive utilisation of ICT;
- Centralisation of the primary selection process of candidates for civil service positions;
- Improvement of the system of qualification criteria for civil service positions candidates;
- Design of a standard methodology for competitive selection of candidates for civil service positions;
- Establishment and efficient management of a federal candidates pool.

c. Professional development of the civil service personnel of the Russian Federation:

- Introduction of a system of comprehensive evaluation and testing of civil servants, through intensive utilisation of ICT;
- Mandatory enhanced training of state civil servants in priority policy subjects, development of managerial skills of civil servants appointed to the position of deputy head of division, head of division, deputy director of a department at a federal ministry and corresponding positions in the state civil service;[82]
- Providing conditions for self-education, through intensive utilisation of ICT.

d. Enhancing the prestige of the civil service of the Russian Federation, developing a system of material and non-material incentives for civil servants of the Russian Federation:

- Development of measures intended to improve access to information of the civil service;

[82] This training is held within the framework of performance of government tasks assigned to RANEPA under the President of the Russian Federation and to other leading educational institutions.

- Introduction of a standard for promoting a professional culture in the civil service;
- Making compensation of civil servants competitive with the labour market while also making it more performance-based.

e. Introducing Information and Communication Technology (ICT) solutions for personnel management of the civil service of the Russian Federation:

- Standardisation of requirements for digital processing of data concerning the civil service personnel;
- Equipping State authorities with a centralised information system designed to manage civil service personnel of the Russian Federation;
- Adopting legal norms allowing submission of electronic applications to participate in a competition for filling vacancies in the civil service online via a Federal Civil Service and Administrative Personnel portal;

We would like to pay special attention to the last strategic pathway. Dynamic development of digital technology and services also transforms relations between individuals and the state. This transformation significantly affects both theory and practice of public administration, emphasising the outdated nature of the Weberian and the New Public Management (NPM) models, elements of which are still used in the Russian Federation. At the same time, the advent of "digital government", "digital economy", etc, as well as understanding of their role in different spheres of public life lay the foundation for a new concept of cooperation between public administration, society, and individual citizens (Dunleavy and Margetts 2010). As a result, a more advanced form of public administration where digital technology is the core system element is gaining strength.

The trends, such as digitalisation of all spheres of life, accompanied by social changes and subsequent transformation of public administration, are irrevocable and interconnected even though their pace may be different. This gives rise to the need to introduce a new holistic architecture of public administration capable to minimise tension, fill the gap between technologically advanced businesses, individuals who are becoming increasingly demanding for the quality of services and information, and intrinsically inert government authorities which tend to rely

upon legacy models. In this regard, "Russia of the Future" requires "tech-savvy" civil servants, highly professional and specialising in various disciplines with flexible and relevant skills and competencies.

The responses to the COVID-19 pandemic were a test of the effectiveness of governance institutions. An analysis of the impact of the measures taken to cope with the pandemic on public administration systems should be divided into two blocks. The first block of measures consists of the decisions made by government authorities and other competent institutions, in particular:

- Health and safety of citizens (restrictions on movement, border closures, bans on mass events, self-isolation, restriction of entry/exit of people across the state border);
- Tax code changes (extension of deadlines for submission of tax and accounting/financial statements) for all taxpayers, VAT exemption (catering, tourism, hotels, transport, fast delivery, supply of medical equipment, exemption from personal income tax of medical personnel);
- Financial support provision for small and medium-sized businesses ("Credit holidays" for SMEs from affected sectors of the economy in relation to any credit agreements [loan agreements] concluded with a credit institution or non-credit financial institution before 03/03/2020; launch of an interest-free loan programme to support employment; launch of a re-financing programme for loans to SMEs, by the Central Bank);
- Changes in control and supervisory activities (refusal of field inspections by state authorities; time reduction for desk audits; extension of the terms of various accreditations, licences, special rights driver's licences);
- Social support (payment of social benefits to self-employed and those who have lost their jobs; social payments to persons observing the quarantine regime; payments to families with children);
- Labour regulation changes (non-working days; remote mode of operation of the majority of employees of institutions, organisations, enterprises; education through distance-learning formats).

The second block of measures consists of all those changes that need to be legally defined and resolved once the pandemic is over, which were introduced de facto in the context of combatting the pandemic. In particular it is necessary to:

- Develop a clear legal regulation of mechanisms for providing online services, copyright protection and software rights;
- Prescribe new algorithms for trusting contractors that provide and support online processes;
- Define a system for protecting financial payments, rules for electronic support, and protection of digital profiles;
- Maintain a balance between personal freedom and public safety when using digital technologies, tracking and control models;
- Clarify the status of digital platforms and how they are used; and
- Especially important—define measures to protect the right to honest information and measures of responsibility for the "fake".

12.6 Conclusions

It is generally acknowledged that there exists a pressing need for the system of public administration to evolve, as well as improve its quality, systemic structure, and efficiency. This is clearly understood by all involved, i.e. experts, representatives of civil society and citizens. As a result of drastic changes in its government institutions, Russia has accumulated considerable experience of its own. At the same time, a lot can be learnt from other countries that are implementing programmes designed to improve their systems of public administration and upgrade their administrative procedures. All this accumulated experience can serve as a stepping stone for further reform.

However, it is important to point out that the Civil Service of the Russian Federation and its constituent entities has to overcome a lot of difficulties while carrying out the necessary reforms. Furthermore, as administrative reform takes considerable time to demonstrate tangible results, it is necessary to present intermediate objectives and envisioned ultimate goals of specific reform efforts on a regular basis, in order to ensure that civil society and citizens are supportive of the reforms. In this context, it is key to be very specific in identifying outcomes expected by those who initiate transformation through upgrading the "controlling mechanism" by making it more innovative.

Moreover, in order to win support of the civil society it is very important to promote the idea that reforms are for the benefit of the country, society, business, and citizens of the Russian Federation, rather than of the authorities. This approach helps to identify key focus areas of transformation without being accused of acting in the interests of ministries, government apparatus, or red tape. The philosophy of reform is aimed at radical improvement of life of the Russian people through the development of a strong state. Therefore, reforms need to focus on the achievement of the constitutional goals of the Russian Federation and the promotion of the values of a social democratic state.

The existence of a powerful and efficient state can grant Russia its rightful place in the globalised world. The future of the Russian state and its ability to guarantee a decent standard of living to its citizens depend on its effectiveness in accomplishing the tasks of an in-depth economic reform, as well as its ability to demonstrate a technological breakthrough. The Civil Service plays an important role in the establishment of the principle of federal solidarity, reinforcement of federal authorities and consolidation of society. These processes are tools of such a reform.

The Russian Federation quickly comprehended the fact that the possibilities to successfully implement reforms by only relying on market mechanisms are limited. Market theories and technology are useful enablers of meaningful interaction between the state and society, through which the latter may be heard, and its voice is taken into account, as well as be informed and respected. However, public administration cannot be just a kind of a management system totally focused only on technology, private business management, business efficiency, or market theories. All these areas are essential, but administration has always been and continues to be a political process intended to help reach agreement, public consent, and the reconciliation of conflicting values, i.e. on the one hand freedom and equality and on the other, justice and efficiency.

The Russian Federation is currently implementing a number of reform programmes intended to restructure the functions of the State (mainly through simplification of administrative procedures, optimisation of control and supervision functions and digitalisation of public services) and its relation to resources (property relations reform programme, fiscal federalism development programme, etc). These programmes should not only be based on common concepts, but they should also provide a functional framework and resources for the implementation of general reforms in the area of state development.

Appendix 12.1 Civil Service Regulations

The federal laws below play a special role in the regulation of civil service of the Russian Federation:

1. Federal Law № 58-FZ (27 May 2003) "On the System of Public Service of the Russian Federation". According to the Constitution of the Russian Federation, this law defines the legal and organisational framework for the system of public service of the Russian Federation, including the system of administration of public service in the Russian Federation. This law captures in legislation the types of public service, organisational and legal separation of civil, military and other types of service, and establishes a regulatory framework: positions in public service (positions in federal civil service) (Article 8); registers of positions (Article 9); registers of civil servants (Article 15); legal status of federal public servants (Paragraph 4, Article 10); staffing of public service (Article 11); joining the civil service, official career in service, and retirement from service (Article 12); class ranks, diplomatic ranks, military and special ranks (Article 13); length of Public service; personal data of government servants (Article 14); management of Public Service (Article 16); personnel pool of Public Service (Article 17); financing of Public Service, and Public Service reform and development programmes (Article 18). In fact, Federal Law № 58 is basic or generic in nature. It establishes general principles and key provisions for Public Service regulation. It serves as a basis for adoption of a more detailed federal public service legislation, including laws on civil service, and laws on civil service of constituent entities of the Russian Federation.
2. Federal Law № 79-FZ (27 July 2004) "On Civil Service of the Russian Federation" deals with questions of civil service as one of the types of Public Service of the Russian Federation. This law reflects pressing challenges of the reform of the civil service; defines the principles of civil service and the legal status of federal civil servants, as well as of civil servants of the constituent entities of the Russian Federation; classifies service jobs of civil service and their respective qualification criteria; defines the procedure of acceptance into civil service and the order of discharge of service duty; as well as key labour practices of civil servants; establishes the mechanism for

settlement of conflicts of interests in civil service, and deals with some other questions of civil service.

3. Other federal laws, including those that regulate funding of Public Service, e.g. fiscal and tax legislation, professional education of public servants, e.g. education legislation, laws on higher and post-graduate education, etc, as well as property relations in the system of Public Service (civil law), legal responsibility of public servants (administrative and criminal law), etc.

A key component of the regulation of relations of civil service are decrees and directions of the President of the Russian Federation. Presidential memoranda are an important source of Public Service law. To ensure implementation of federal laws, the President of the Russian Federation has issued the following decrees:

- Decree № 403 (11 August 2016) "On the Main Directions of Development of Civil Service of the Russian Federation in 2016–2018";[83]
- Decree № 16 (16 January 2017) "On Qualification Requirements of Government Experience or Relevant Professional Experience and of Training Background to Be Met by Candidates for Federal Civil Service"; etc.[84]

Other Acts of the Government of the Russian Federation provide the legal and organisational framework for enforcement of the civil service laws and decrees of the President of the Russian Federation concerning the civil service. In fact, they are enablers of the day-to-day administration of the Civil Service. Some decrees and executive orders of the Government of the Russian Federation are embedded in federal laws. Thus, Article 61 of Chapter 13 of Federal Law № 79 "On Forming of Personnel Pool of Civil Service" provides for the adoption of statutory instruments enabling training, retraining, enhanced training, and internship of civil servants. Government order for additional professional training of federal civil servants, including its volume and structure, shall be approved by the

[83] Decree of the President of the Russian Federation № 403 (11 August 2016) "On the Main Directions of Development of Civil Service of the Russian Federation in 2016-2018"; Collected Acts of the Russian Federation (15 August 2016), № 33, Article 5165.

[84] Collected Acts of the Russian Federation (25 January 2017), № 4, Article 1943.

Government of the Russian Federation and shall come into effect when the federal budget law for the year in question is approved (Paragraph 4, Article 63).

Among the most numerous statutes on the Civil Service are the statutory instruments of federal State bodies that regulate performance of duties by their personnel. On top of that, statutory instruments regulating the Civil Service include law enforcement practice of the Supreme Court of the Russian Federation and rulings of the Constitutional Court of the Russian Federation and other judicial authorities.

For the regulation of the civil service of constituent entities of the Russian Federation, in addition to international and federal law, an important role belongs to the statutes of such constituent entities of the Russian Federation. Developing and adopting such statutory instruments, state bodies of constituent entities of the Russian Federation must proceed from fundamental principles of civil service stipulated in Paragraph 2, Article 4 of Federal Law № 79, which delineates the unity of the legal and organisational framework of federal civil service and civil service of constituent entities of the Russian Federation.

The structure of civil service legislation of constituent entities of the Russian Federation normally includes provisions that are common for all constituent entities and cover the following: (1) basic definitions and sources of regulation of civil service; (2) classification of civil service positions, qualification requirements of civil servants, register of civil service positions, class rates, personal details and staffing; (3) legal status of civil servants, their basic rights, duties, incentives, responsibility, as well as their social guarantees, submission of details of civil servants' income, property obligations and remuneration; (4) operation of the State bodies' personnel departments, management of civil servants' personal data; and (5) funding of civil service and its development.

Analysis of civil service laws of constituent entities of the Russian Federation shows that quite often such laws are passed in the form of hefty documents that contain provisions which overlap with provisions of federal laws. Therefore, the regulatory potential of such laws is weak. Other constituent entities of the Russian Federation prefer focusing on regulation of issues that fall within their competence (Bartsits et al. 2018).

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CHAPTER 13

Tajikistan: Civil Service and Public Administration Reforms in the Years of Independence

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13.1 Introduction

The Republic of Tajikistan is a state in Central Asia, the former Tajik Soviet Socialist Republic that was part of the USSR. Tajikistan is located in the foothills of the Pamirs. More than 93 per cent of the country is mountainous. Tajikistan borders with Afghanistan to the south, Uzbekistan to the west, Kyrgyzstan to the north, and China to the east. It occupies an area of 143,100 km^2, and its population is 9,350,000 people (est.). The state language is Tajik. The country is divided administratively into 1 city—Dushanbe, the capital—1 autonomous region, 2 regions, and groups of cities and districts under the direct jurisdiction of the capital. Tajikistan is rich in natural resources. On 9 September 1991, at the

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session of the Supreme Council of the Republic of Tajikistan, the independence of the Republic of Tajikistan was declared. On 2 March 1992, the Republic of Tajikistan became a member of the United Nations.

The head of state and of the executive authority of the Republic of Tajikistan is the President, elected on the basis of universal, equal, and direct suffrage by secret ballot for a seven-year term of office with the right to be re-elected. The President determines the main directions of domestic and foreign policy, represents Tajikistan inside the country and in international relations, appoints and dismisses senior officials—with the approval of the Parliament—and is the Supreme Commander-in-Chief of the Armed Forces of the country.

The highest legislative body is a two-chamber parliament, the Supreme Assembly (*Majlisi Oli*). It consists of the Assembly of Representatives (*Majlisi Namoyandagon*)—the lower chamber—and the National Assembly (*Majlisi Milli*)—the upper chamber. The Assembly of Representatives has 63 members of which one-third are elected by a proportional system and two-thirds by a majoritarian one and operate on a permanent and professional basis. The National Assembly has 33 members of which one-fourth are appointed by the President of the Republic of Tajikistan, and three-fourths are elected and operate on a convening basis. Members are elected on the basis of universal, equal, and direct suffrage by secret ballot. The term of office is five years.

The highest executive body of state power is the Government, which consists of the Prime Minister, his first Deputy and Deputies, Ministers, and Chairmen of State Committees. The President of the Republic appoints and dismisses the Prime Minister and other members of the Government and submits decrees for their appointment and/or dismissal for approval at joint sessions of the National Assembly and the Assembly of Representatives.

13.2 Historical, Political, Economic, and Social Context

Historically, the civil service as a function and public administration as a condition of statehood have their own specific features of development within the context of a given socio-political space. The civil service in each country varies due to the country's history, culture, tradition, and the mentality of its people. When analysing these attributes of statehood, a large number of distinctive and specific characteristics can be found that

always require a special and specific interpretation. The Civil Service in the Republic of Tajikistan is no exception. It has gone through a rather complicated path of formation and development.[1]

In general, statehood on the territory of modern Tajikistan has deep historical roots. The first state formations on the territory of Tajikistan—and Central Asia as a whole—appeared in the middle of the 2nd millennium BC. The states referred to as Sogdiana, Khorezm, and Bactria are recognised as the ancestors of the Tajik people. The traditions and rules for public administration and the civil service were created then. Such traditions and rules were comprehensively improved during the reign of the ancient Iranian empire of the Achaemenids (558–330 BC). During this period the attributes of statehood were adopted by the subsequent states of our ancestors, as well as by other people in the Near and Middle East, and Central Asia.

The development of the Civil Service is especially noted during the reign of the Samanid dynasty, i.e. during the formation of the Tajik nation and its statehood in the ninth and tenth centuries (Buriev 2008: 157–186). During this period, a centralised governing body—the *Vizier's* "Chair" (Government)—and ten other "Chairs" (Ministries) were established. This event became a turning point for the further fate of the people of Central Asia and for the governance of the state (Safarov 1999: 58). The *Vizier's* "Chair" was considered the supreme central government body and it controlled all political, administrative, and economic institutions of the state. The heads of the ten other "Chairs" obeyed him. For example, the *Mustafa's* "Chair" was in charge of the state treasury. The "Chair" of *Amid-ul-Mulk* was engaged in the preparation of important state documents, as well as in diplomatic relations with other states. The civil servants—hadims, mamurs, and nadims—that worked in these institutions were very privileged and well respected.

After the establishment of the Soviet regime, a temporary governing body—the Extraordinary Dictatorial Commission of Eastern Bukhara—was created, and in July 1924, the Revolutionary Committee of Eastern

[1] It should be noted that the concept of "civil service" emerged when people began to manage the processes of social relationships and public processes in general. It is well known that the Civil Service is a category that is organically connected to the state. The emergence, development, and further fate of the Civil Service stems from the emergence and development of the state. This concept is an important state legal institution that exists in all legal democratic states.

Bukhara was established and functioned until October 1924 (Alizoda 2017: 93). Following the consolidation and strengthening of Soviet power in the region, the task of the territorial division of Central Asia and the creation of union republics along national lines was set. As a result of this national-territorial delimitation of Central Asia, the creation of the Tajik Autonomous Soviet Socialist Republic as part of the Uzbek SSR with the city of Dushanbe as its capital was announced on 14 October 1924. Then, on 16 October 1929, the creation of a separate union republic—the Tajik SSR—was announced. For more than 60 years—from 1929 until 1991—Tajikistan existed as a Union republic equally among all other Union republics within the USSR. During the years of Soviet domination, Tajikistan, like other Union republics, achieved significant success in all areas of political, socio-economic, and cultural life.

Until Tajikistan gained independence; the country was governed by the Soviets of People's Deputies headed by the Supreme Soviet of the Tajik SSR. However, as a result of democratic reforms that took place in the late 1980s, a presidential system of government was established in 1989, for the first time in the history of the Republic of Tajikistan. In 1992–1994, there was a shift to a parliamentary republic, and in November 1994, a presidential republic was re-established, in effect to date.

As a result of a crisis in the political system inherited from the Soviet Union and the weakening of the state system of governing bodies, the Session of the Supreme Council of Tajikistan, on 9 September 1991, adopted a new version of the Declaration of Independence of Tajikistan. This event may be regarded as the beginning of a new period of statehood and national sovereignty for Tajikistan (Masov 2004).

The acquisition of independence, along with other tasks, necessitated the reform of public administration and of the civil service (Alizoda 2017). The proclamation of Tajikistan's independence set a task for the young state—to improve the quality of civil service staff in order to adapt to the new realities. In the period 1991–1994, no legislation existed with respect to principles delineating the functioning of the civil service. In practice, the principle of incremental nomenclature advancement, left over from the Soviet times, and recruitment to the civil service based on professional qualifications co-existed. The adoption of the new Constitution in 1994 led to a radical change in the configuration of the system of governmental authority and enshrined the forms and methods of functioning for the public administration system; it also marked the completion of the

initial stage of the formation of Tajikistan's independence, as well as the beginning for systemic reforms in all spheres of society.

In this regard, the Constitution proclaimed several provisions that are directly or indirectly related to the civil service institution. They stipulate that:

- rights and liberties of the man and citizen shall be recognised, observed, and protected by the state (Article 5, part 3);
- separation of State power into the legislative, executive, and judicial branches (Article 9);
- the Constitution and the norms stemming from it are supreme, and it is the obligation of the state, its officials, and its bodies to observe it (Article 10);
- rights and liberties of individuals and citizens have precedence (Article 14);
- members of the Government are banned from performing any other duties, be the deputies of representative authorities, or engage in entrepreneurship, except for scientific, creative, and pedagogic activities (Article 73, part 3).

13.3 Civil Service Development

With the adoption of the Constitution of the Republic of Tajikistan in 1994, the institution of Civil Service acquired a solid constitutional and legal basis (Article 27, part 2).[2] Citizens have the right to take part in state administration directly or via their representatives (Article 27, part 1). Thus, the Constitution of the Republic of Tajikistan established the right to citizens' equal access to the Civil Service. Equal access of citizens to the civil service was strengthened further with the adoption of the Law of the Republic of Tajikistan "On the Civil Service" (№ 677, 13.11.1998),[3] which laid the legal basis for the organisation and functioning of the civil service in state organisations and bodies and determined the status of civil servants. It also played a significant role in stabilising the activities of the

[2] See also: Constitution of the Republic of Tajikistan (with additions and amendments of 26 September 1999 and 22 June 2003). Dushanbe, 2003.

[3] The Supreme Assembly (Majlisi Oli) of the Republic of Tajikistan news—Dushanbe, 1998, № 22, p. 297.

state apparatus. In other words, it initiated the process of formation of the Civil Service in the Republic of Tajikistan and it has normatively defined the essence of the civil service, in a modern setting.

Furthermore, this Law has normatively defined such fundamental concepts for state-building as "state body", "state position", "state position of state power", "state position of the Civil Service", "Civil Servant", "official", etc, for the first time. This legal act has also established certain qualification requirements for citizens willing to hold state positions, such as special education and further attestation, the possibility of holding a competition for filling a position and systematic professional development, material support and a system of disciplinary sanctions. In general, with the adoption of Law № 677 (13.11.1998), issues related to the professional activities of Civil Servants in the functioning of public bodies have been defined quite clearly in this law (Jamshedov 2011).

The Law entrusted the determination of the main directions of state policy in the field of Civil Service to the Supreme Assembly (*Majlisi Oli*) of the Republic of Tajikistan and the President of the Republic of Tajikistan; based on the main goals, objectives, and functioning of the Civil Service Institute, and the need to ensure the effective work of all state bodies in accordance with their competence (Article 3). Moreover, this Law not only established the legal basis for the organisation and activities of the Civil Service, but it also laid the foundations for its further reform. However, Law № 677 did not fully form the basis on which this type of state activity could be properly regulated, due to some shortcomings. For instance, some of its normative premises did not reflect a modern mode of organisation of the Civil Service, which made it difficult to enforce. Furthermore, its adoption was accompanied by an unjustified compromise of the civil service regulation with general labour legislation.

In order to accelerate the development of a professional Civil Service in the country, and to realise the connecting role between the state and society, and to guarantee the legal and social status of civil servants, the Civil Service Department under the President of the Republic of Tajikistan was created.[4] This was an important step in the process. The Civil Service Department, the authorised body in the field of the civil service, has since pursued a unified state policy for the civil service.[5]

[4] Decree of the President № 475 (25.01.2001).

[5] Decree of the President of the Republic of Tajikistan № 9 (30.11.2006) "On improving the structure of central executive bodies of the Republic of Tajikistan" (see

Furthermore, in order to increase the role of the authorised body in the field of civil service and improve the Public Administration system, as well as strategically plan the development of a professional Civil Service, the Department of Civil Service was transformed into the Civil Service Agency under the President of the Republic of Tajikistan.[6] The Civil Service Agency under the President of the Republic of Tajikistan is currently the central executive body that implements a unified state policy in the field of the civil service, within its mandate established by the legislation of the Republic of Tajikistan. The Agency's primary functions are:

- Implementation of a unified Civil Service policy;
- Regulatory support to the civil service;
- Organisation and passage of a Civil Service Law;
- Monitoring the implementation of legislation in the field of the State Civil Service;
- Organisation of professional training, re-training, professional development, and internships for civil servants;
- Provision of assistance in the implementation of measures that provide guarantees and incentives to civil servants; and
- Organisation of international cooperation in the field of the State Civil Service.

Considering the expansion of opportunities and the need for training, re-training, and improving the qualifications of civil servants, it became necessary to create a separate higher educational institution. The "Programme for the Implementation of the Concept of Human Resource Policy of the Republic of Tajikistan for 2009–2016" provided the necessary measures to develop the infrastructure for the education of civil servants and improve their qualifications. Accordingly, the Institute for Advanced Studies of Civil Servants was established under the Civil Service Department on 26 August 2013. It was eventually reorganised into an independent Institute of Public Administration under the President of the Republic of Tajikistan. In 2020, the Institute became the Academy of

Sadoi Mardum, № 133 2075), 2 December 2006; and Law of the Republic of Tajikistan № 233 (05.03.2007) "On the Civil Service", Article 8.

[6] Decree of the President of the Republic of Tajikistan № 12 (19.11.2013).

Public Administration under the President of the Republic of Tajikistan.[7] Nowadays, the Academy of Public Administration under the President of the Republic of Tajikistan is an important centre not only for professional development, but also for training and re-training of Civil Service personnel.

Tajikistan has established the foundations and has implemented administrative reforms focused on increasing the effectiveness of public administration and of the civil service. The framework for the implementation of these reforms has been enshrined in the legislation. By the Decree of the President of the Republic of Tajikistan № 1718 (28.03.2006), the "Strategy for Reforming the Public Administration System 2004–2015" was approved. The Strategy determined the Government's actions on public administration, and it aimed at improving the structure of central and local executive bodies of state power. This document is also considered a fundamental directive for civil service reform in the Republic, as it contained a separate section focusing on the issues of civil service reform.[8]

Improving the efficiency of the civil service system requires the development of a professional civil service and increasing the authority of civil servants. Hence, the Strategy pays special attention to the issues of staff selection and placement in central and local executive bodies of the government. This is because shortcomings were noted in holding competition-based recruitment for filling vacant positions, with the attestation of civil servants, and the organisation and management of human resources in the civil service. At the same time, the Strategy sets out that the successful implementation of the reform of the public administration system needs to take on the following tasks, noting that reform requires the simultaneous implementation of measures at the central and local levels:

- Improving the efficiency of national development management;
- Improving the public administration system in accordance with the principles of a market economy;
- Improving the efficiency of public finance management;
- Creating a modern and professional civil service;

[7] Decree of the President of the Republic of Tajikistan № 1643 (29.02.2020).

[8] Decree of the President of the Republic of Tajikistan № 1718 (15.03.2006) "On Approval of the Strategy for Reforming the Public Administration System of the Republic of Tajikistan". Electronic version "Adliya", 14 March 2007.

- Developing administrative and territorial management; and
- Forming local self-governments capable of providing quality services to the population.

To create a modern and a professional civil service, the Strategy provides for the following actions:

- Upgrade the status of the civil service by organising and managing competition-based recruitment for filling vacancies, by improving the attestation of civil servants, and by organising a staff reserve and creating a roster of state positions;
- Reform the remuneration system in the public sector;
- Create a Civil Service Management Information System; and
- introduce new procedures for holding open competition recruitment.

Because of the Strategy and on the initiative of the Civil Service Department, a new version of the Law "On Civil Service" was adopted in 2007, based on international standards and experience, and thus creating the preconditions for reforming and establishing a new civil service in the Republic of Tajikistan.[9] The entry into force of this Law may be considered as an important step towards further development of the civil service of the Republic of Tajikistan (Jamshedov 2011). A significant feature of the new Law is that the civil service system of the Republic of Tajikistan was normatively enshrined for the first time. The new civil service system includes the state civil service; the law enforcement bodies; and the military (Article 5, part 1). This clear normative consolidation of the civil service system also provided the opportunity to unify social guarantees for all categories of civil servants. Other distinctive features of the new Law were the introduction of competition-based recruitment for filling vacant positions in the state administrative civil service (Article 18, part 1) and admission to the civil service on the basis of an employment agreement (contract), a sample of which shall be approved by the Government of the Republic of Tajikistan (Article 13, part 4).

[9] Law of the Republic of Tajikistan № 233 (05.03.2007).

This system is one-levelled, based on the unitary nature of our state. Many of the most important constitutional provisions in the sectoral legislation on the Civil Service, on the one hand, should consolidate effective criteria for Human Resource Policy—selection, hiring, performance appraisal of Civil Servants, transfer, and career promotion—and on the other hand, eliminate the negative consequences of previously conducted staff work.

Another important document for the reform of public administration in the Republic of Tajikistan is the Concept for Civil Service Reform of Tajikistan, approved by the Government.[10] The Concept defines the following objectives for civil service reform:

- The creation of a professional civil service and enhancement of its attractiveness at all levels of public administration;
- Further development of the Civil Service Institute, according to the experience gained in recent years with respect to its legal status, functioning, and theoretical understanding;
- Enhancement of the effectiveness of the civil service towards developing civil society and strengthening statehood;
- Adaptation of the existing model of civil service to the fundamental changes that are taking place in the national economy and society of Tajikistan; and
- Creation and development of a modern system for staff training in all areas of the civil service, as well as the development of the skills and abilities of civil servants necessary for the high-quality performance of the functions and tasks assigned to them.

While the Concept provides the main directions for reforming the civil service, some other important prerequisites should exist in order to ensure the successful implementation of civil service reform in Tajikistan. The following:

- Presence of a strong political will of the country's leadership to achieve the goals set and resolve problems, as well as the desire to effectively manage the civil service for the benefit of society;

[10] The Concept was adopted in order to implement the provisions of the Presidential Decree № 289 (01.06.2007).

- Focus on the long-term and diligent work on implementation of reforms by expanding the powers of the Civil Service Department under the President of the Republic of Tajikistan in the implementation of civil service reform; and
- Presence of a group of highly professional experts committed to achieving the results of reforms and serving society, while the positive experience of other countries in civil service reform is taken into account.

The Concept also provides a timeline for reforming the civil service in Tajikistan, outlining a set of measures aimed at creating a modern and professional civil service, in the short-, medium-, and long-term.

In the short-term:

- Creation and regular maintenance of a register of civil servants;
- Development of a package of normative legal acts on the implementation of the Law of the Republic of Tajikistan "On the Civil Service";
- Development of the Concept of Human Resource Policy of the Republic of Tajikistan;
- Implementation of new procedures for holding competition-based recruitment in filling vacant administrative positions in the civil service;
- Development and implementation of new procedures for the attestation of civil servants;
- Implementation of the first stage of public administration compensation reform;
- Development and approval of job descriptions for each position in the civil service;
- Organisation of training of specialists in the field of civil service management in higher educational institutions of the country;
- Introduction of special programmes of rapid career advancement for young civil servants who have demonstrated special abilities;
- Creation of a Civil Service Management Information System;
- Improvement of the Code of Ethics for Civil Servants; and
- Development of a programme to fight against reducing bureaucratic procedures in state bodies.

In the medium-term:

- Creation of a research centre on fundamental theoretical and applied problems of Civil Service and Public Administration under the Civil Service Department under the President of the Republic of Tajikistan;
- Institutional development of the training system of Civil Servants;
- Development of the procedure for the provision of public services to the population; and
- Development and advancement of distance learning programmes for Civil Servants.

In the long-term:

- Formation of a competitive market for training civil servants in Tajikistan;
- Creation of the Academy of Civil Service under the President of the Republic of Tajikistan; and
- Development of a single system for performance appraisal and quality of activities of state bodies and the effectiveness of civil servants.

The long-term actions provide for a step-by-step introduction of market-oriented elements in the civil service of the Republic of Tajikistan; that is the use of approaches and methods of human resource management utilised by the private sector, and which have proven their effectiveness.

The next important step towards reforming the civil service of the Republic of Tajikistan was the development of the "Programme for Reforming the Civil Service of Tajikistan 2007–2010", approved by the Government of the Republic on 31 August 2007.[11] This Reform Programme is a logical continuation of the Concept of Civil Service Reform in Tajikistan. The objectives of the Programme were to ensure consistent implementation of the Concept and increase the efficiency of

[11] Decree of the Government of the Republic of Tajikistan № 448 (31.08.2007) "On the Programme of Reforming the Civil Service of Tajikistan", Regulatory Legal Acts of the Civil Service, 2017, pp. 333–346.

development of the civil service in specific state bodies. Its final goals were:

- Precise definition of the functions and tasks of the civil service;
- Improvement of management structures, including the creation of educational institutions for training Civil Service personnel;
- Planning of activities, financing, material, and expert support;
- Stimulation and motivation of Civil Servants; and
- Provision of governmental support and public control.

The most important task of civil service reform is the development and implementation of modern management methods that meet the conditions of a market economy, and which have proven their worth when put into practice in developed countries. In 2007, the Programme 2008–2010 was prepared that envisioned the improvement of the regulatory legal framework of the civil service system, the implementation of financial and economic measures, the implementation of projects utilising new approaches to the organisation of the Civil Service, and monitoring the progress of civil service reform. The Civil Service Department under the President of the Republic of Tajikistan[12] and the Institute for Increasing Qualifications of Civil Servants of the Republic of Tajikistan were responsible for the execution of the activities delineated in the Programme.[13] The expected results from the implementation of the Programme were the following:

- Align the regulatory legal basis of the civil service in accordance with the new conditions of a market economy and world standards;
- Create a professional civil service based on the principles of mainstreaming and the performance appraisal results of civil servants;
- Introduce job descriptions based on which the professional activities of civil servants will be carried out;
- Ensure a high-quality level of performance by civil servants in performing their job responsibilities and in dispensing public services they provide to citizens and organisations;

[12] Now the Civil Service Agency under the President of the Republic of Tajikistan.

[13] Now the Academy of Public Administration under the President of the Republic of Tajikistan.

- Create the necessary prerequisites for the transparent functioning of state bodies and their civil servants under the scrutiny of society;
- Ensure the effectiveness of civil service human resource policy in order to qualitatively improve the existing human resource management functioning in the civil service;
- Develop mechanisms for identifying and resolving conflicts of interest in the civil service, as well as a legal framework regulating civil servants' professional ethics;
- Form the civil service management system that includes the public civil service, the law enforcement agencies, and the military services based on the principles and provisions of the Law "On the Civil Service".

The civil service plays an important role in ensuring the consolidation of statehood and development of the state and in creating a stable socio-political and cultural environment. In this regard, public administration reform in the Republic of Tajikistan is an important priority for national development. Conversely, an important task of civil service reform is the development and introduction of modern management methods that are congruent with the democratic norms of society and have proven their worth, while they are practiced by developed countries. In this context, improving the quality of public administration will depend on the knowledge, experience, skills, responsibility, initiative, professionalism, and competence of civil servants.

Reforming the civil service of the Republic of Tajikistan also entails the development of its management systems, in collaboration with state bodies and civil society, ensuring proper coordination of the state bodies' functions and activities and effective human resources. These systems should be built taking into account the historical aspects and national features, in the socio-political essence, of the country.

It should also be noted that the term civil service, in a broad sense, denotes the set of people working in state bodies, local authorities, self-government bodies, and other state institutions, regardless of the nature of their activities. Namely everyone who works in the public, and not for the private. In a narrow sense, it includes only the personnel of state authorities, central and local authorities, as well as self-government bodies

that make—or assist in the making—managerial decisions. Any technical and support staff of these bodies are not classified as civil servants.[14]

The notion of "civil service" was normatively stated in Tajikistan for the first time on 13 November 1998.[15] The civil service was defined as "the professional activity of persons occupying civil service positions and ensure the execution of the authority of the state bodies". However, as practice has shown, this definition did not fully cover the content and specifics of civil service in the Republic of Tajikistan. Thus, the system of state positions was amended to consist of positions of state power, all the political and administrative positions in the civil service, as defined in the Register of State Positions of the Republic of Tajikistan.[16]

As of 1 July 2020, the total number of state civil servants is 21,646, representing 0.24 per cent of the country's population. Positions of state power include: The President of the Republic of Tajikistan; members of the National Assembly (*Majlisi Milli*) of the Supreme Assembly (*Majlisi Oli*) of the Republic of Tajikistan; deputies of the Assembly of Representatives (*Majlisi Namoyandagon*) of the Supreme Assembly of the Republic of Tajikistan; judges of all courts of the judicial system of the Republic of Tajikistan; Chairman and members of the Central Commission for Elections and Referendums of the Republic of Tajikistan. Political positions include, inter alia: The Prime Minister and his deputies; Chief of the Executive Office of the President and his deputies; assistants to the President; ministers; chairmen of state committees; chief of staff of the Majlisi Oli; Ombudsman and his deputy; the Prosecutor General; Secretary of the Security Council and his Deputy; Chairman and members of the Accounts Chamber; heads of public bodies under the President of the Republic of Tajikistan; Ambassadors Extraordinary and Plenipotentiary; Chairmen of Committees; Heads of Services; Directors of Agencies; Heads of Main Directorates under the Government; Heads of regions,

[14] According to Article 8 of Law № 233, Article 8, persons who carry out technical support for public bodies and their apparatus are not classified as civil servants. The list of technical personnel categories was established by the Decree of the Government № 194 (27.04.2018) "On the List of Civil Servant Positions (Technical and Maintenance Personnel) of State Bodies".

[15] Law of the Republic of Tajikistan № 687 (13.11.1998) "On the Civil Service", Article 1, part 3.

[16] Decree of the President of the Republic of Tajikistan № 737 (15.08.2016).

cities, and districts. For administrative civil servants eight categories of positions are established.

The new Law of the Republic of Tajikistan "On the Civil Service" has removed some ambiguities regarding the system of civil service in Tajikistan and the status of some employees.[17] For example, the new Law expands the definition of civil service encompassing political and administrative civil servants holding positions in the apparatus of the Central Commission for Elections and Referendums of the Republic of Tajikistan, and in the permanent representations of the Republic of Tajikistan in international, and interstate organisations. Furthermore, the Law applies to officials of self-government bodies of settlements and villages, who are equated to administrative civil servants, and the list of which is determined by the State Position Register of the Republic of Tajikistan.

In sum, the civil service of Tajikistan was founded simultaneously with the acquisition of independence of the Republic of Tajikistan. The civil service, in the first years of its existence, played a significant role in the development of the public administration system. The country laid the constitutional foundations of the civil service as an integral component of public administration. In general, the formation of the civil service system in Tajikistan may be conditionally divided into three main stages: (i) 1991–2003—the period before sector reforms took place; (ii) 2004–2012—the period of reforms; and (iii) 2013 to present—the period of development of the civil service in Tajikistan (Ergasheva 2012).

The current model of Civil Service has been optimised in accordance with the fundamental transformations taking place in the national economy and society of Tajikistan. A regulatory legal framework was created, the main procedures for human resource management were developed, and the priority areas of the "system of training and advanced training of Civil Servants were determined that meet modern world standards of Human Resources Management" (Ergasheva 2012: 14). An analysis of the formation of the civil service system shows that at the first stage of its development, in addition to improving the legislative framework, considerable attention was paid to improving the professional skills and experience of civil servants in government bodies at all levels.

[17] Law of the Republic of Tajikistan № 233 (05.03.2007) "On the Civil Service".

13.4 Public Administration Reform and Basic Principles of Civil Service

Regulatory legal acts for the civil service made a significant contribution to the improvement of the operating environment of the state apparatus, in general, and in the state bodies of Tajikistan, in particular. They improved the legal status of civil servants, as well as the mechanisms for entering the civil service, and for training and advanced training. Furthermore, they introduced the division of civil servants into categories and they established qualification requirements for each. Further development of the Civil Service on the principles of legality, independence from political parties and commercial structures, and ensuring social and legal guarantees for Civil Servants are the primary tasks of the Republic of Tajikistan.

The principles of civil service are the most important mechanism of the effective functioning of the Civil Service Institute. These principles reveal the fundamental features, essential characteristics, and most importantly, the content and meaning of the civil service itself. The functioning of the state apparatus, as well as the activities of civil servants, depends on the principles of the civil service, since they form a set of interrelationships that ensure the integrity of the civil service and the preservation of its basic properties during various kinds of external and internal changes. The system of principles of civil service is the nucleus, revealing its entity and purpose.

The basic principles, outlined in Article 7 of the Law "On Civil Service" of 2007, presuppose the ideal organisation of the Civil Service. Their observance in practice could contribute to the effective organisation of the Civil Service, and the well-coordinated work of the entire state apparatus. The principles established in the Law of 2007 have become the basis for all other legislative and other normative legal acts that concretise and develop the system of principles of the civil service.

According to Article 7 "Basic principles of civil service" of the Law, the civil service is based on the following principles: supremacy of the Constitution and laws of the Republic of Tajikistan; priority of human and civil rights and freedoms; the unity of the civil service system is independent of the state power in the legislative, executive and judicial power; devotion to the homeland and people of Tajikistan; humanism and social justice; the secular nature of the civil service; non-partisanship of civil servants of the relevant state bodies, which are determined by the Constitution and

laws of the Republic of Tajikistan; transparency of the civil service, with the exception of activities that are state secrets protected by the Law; professionalism and competence of civil servants; voluntariness and availability of civil service; accountability of civil servants; stability of the career advancement system for civil servants based on ability, talent, vocational education and qualifications; and merit-based appraisal of civil servants' performance.

It becomes obvious that these principles taken together determine the main functions of civil servants. For instance, the principle of legality implies recognition of: (a) supremacy of the Constitution and laws over other legal acts; (b) the binding legal decisions of higher authorities and officials; and (c) the protection of human and citizen's rights and freedoms. Civil servants are obligated to strictly observe these legal acts, and the rights of citizens, and to do everything necessary within their power to implement and protect them, respectively.[18]

Conversely, the principle of the precedence of human and citizen's rights and freedoms, enshrined in the Law "On the Civil Service" obliges civil servants to observe and protect human rights and freedoms of citizens, which is also proclaimed in Article 5 of the Constitution of the Republic of Tajikistan. The principle of democracy is manifested in the following tenets. First, civil servants dispense their functions serving the interests of citizens, society, and the state at all times. In the case a conflict between personal and public interests occurs, civil servants must be guided by the second one, that is accessibility of the civil service, as stated in Article 27 of the Constitution of the Republic of Tajikistan: "*Citizens shall have equal rights to joining the civil service*".

As for the principle of professionalism in civil service, it is manifested through the following tenets: (a) competence, that is, the employees' knowledge of their work, and possessing the necessary education, work experience, and skills, as well as training and advanced training they may undergo; (b) systematic, regular performance of functions, registration, solution of cases, stability of service relations; (c) regularly

[18] The principle of the supremacy of the Constitution and the laws of Tajikistan reflects the requirement of Article 10 of the Constitution of the Republic of Tajikistan, which guarantees the supremacy of the Constitution and laws throughout the country, guiding the civil service to unconditionally adhere to the highest legislative act and laws of the country that do not contradict the Constitution of the country.

getting payment for their work not lower than their assigned level of remuneration; and (d) non-partisanship.

In Tajikistan, the creation or organisation of political parties and movements, in the civil service, is prohibited, to ensure the political neutrality of civil servants. Civil servants cannot follow party guidelines, as they are obligated to only act in accordance with their legal mandate. Hence, civil servants are not bound by decisions of public associations in the performance of their official duties and must be guided by legislation only. Furthermore, the implementation of the principle of legal and social protection of employees means, first of all, the creation of the necessary conditions for normal activities, and the adoption of measures to eliminate obstacles to the performance of official duties. Social and legal protection of employees provides for an increase in the prestige of the work of Civil Servants.

At present, there are clearly developed norms and principles and standards for the civil service in order to ensure efficiency and effectiveness in the activities of public bodies. Regulatory documents define the specific and correct execution of procedures for hiring and for the performance appraisal of Civil Servant, for the maintenance of a staff reserve, and for the adaptation, attestation, motivation and career planning, rotation, payroll system, the enhancement of the Register of state positions, and for qualification requirements, declarations, and ethics.

Further reform of the civil service in Tajikistan should radically increase its efficiency in the interests of developing civil society and strengthening the state, thus creating an integral system of civil service. The state service of Tajikistan should function in the interests of civil society, and its reforms should be carried out in a transparent manner and with the participation of civil society. It should be based on such principles as:

- Serving the interests of civil society and the state;
- Protection of human and citizen's rights and freedoms;
- Legitimacy and legal regulation of the activities of public bodies and civil servants;
- Openness and accountability of the civil service system to civil society;
- Ensuring the professionalism and competence of civil servants; and
- Compliance with ethical standards and rules of conduct of civil servants.

The Code of Ethics for civil servants of the Republic of Tajikistan plays an important role in the effective operation of public bodies and assists in increasing the ethical responsibility of civil servants.[19]

Monitoring of adherence to the requirements of the Code in public bodies is carried out by an ethics commission, which is created by order of the head of a state body. It comprises civil servants, members of trade union committees, other non-civil servant employees of the organisation, deputies of the relevant local *Majlis* of People's Deputies, deputies of self-government bodies, and other officials. Ethics commissions function in the manner prescribed by the Code and the Regulations on the Commission, approved by the heads of the respective state bodies.

Nowadays the civil service of Tajikistan is characterised by stability, professionalism, and political neutrality. It has become a part of the life of society as a legal, social, labour, personnel, and state institution. One might call it the link between the state and society, the state, and the private sector, and which contributes to the development and stability of society, and the development of the private sector.

Furthermore, the civil service of Tajikistan should promote social and political stability in society, form citizens' confidence in government bodies and their officials, and should ensure the effective functioning of government bodies. For Tajikistan, the civil service is its key component for ensuring the effective implementation of state functions, and for building and strengthening a democratic and legal state, as a priority. The civil service, as the most important social institution, must be democratic in nature, be controlled by civil society and contribute to the strengthening of the entire state system. Thus, nowadays, it is necessary to develop further the public administration system in general, and the national system of the civil service, in particular. Consequently, the use of the rich and extensive world experience is most relevant now for the Republic of Tajikistan.

[19] Adopted by Decree of the President of the Republic of Tajikistan № 591 (3.12.2015).

13.5 Prospects for Public Administration Reform in the Republic of Tajikistan

The formation of solid constitutional foundations for the civil service in Tajikistan—as the most important mechanism of public administration—is fundamentally different from the previously existing administrative system of management. It requires new approaches to rethinking its essence, goals, objectives, and functions. The history of development of state-building and public administration demonstrates that no democratic state can function effectively without a highly professional state apparatus, and the civil service and its personnel.

The policy of reforming the public administration system by the Government of the Republic of Tajikistan aimed at such a result that the state apparatus should function constantly, actively, and systematically, be a single, holistic, effective, open, democratic, and competitive system with a developed intellectual core and consist exclusively of professional managers, in a creative atmosphere to unleash the potential of every civil servant. Consequently, one of the main directions of activities the Civil Service of the Republic of Tajikistan is the rethinking of its historical national aspects and characteristics, socio-political essence, and the formation of its management systems, ensuring the interaction of public bodies with civil society structures and coordinating the activities of public bodies on the formation and development of their personnel potential.

Civil service development, in Tajikistan, is currently gradually increasing the efficiency of the system in the interests of developing civil society, strengthening the state, and creating an integral civil service system. In the development of the system of public administration and the civil service, there is also a need to take into account historical, political, and national aspects, to ensure the continuity and formation of a democratic, legal, and social state.

The main concept for the development of the civil service is to create an effective management system, to improve the professional qualities of civil servants, and to form a system for the effective selection of professional civil service personnel, a personnel reserve, and mechanisms for its implementation, and for setting clear criteria for assessing the performance of civil servants. Another feature of the development concept of the country intends to transform the civil service as a professional activity of citizens in realising the goals and functions of the state, as

well as to modernise it, taking into account the conditions and requirements of modern Tajik statehood. In general, the development is aimed at increasing the efficiency of the civil service as the main mechanism of public administration, human resources management, and the moral and ethical foundations of serving the state and civil society.

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CHAPTER 14

Formulation and Development of the State Service of Turkmenistan

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14.1 Overview

The territory of modern Turkmenistan has been the host of the most ancient human settlements. Archaeological findings indicate that in the second millennium BC, large settlements appeared in Turkmenistan, whose inhabitants were engaged in pottery-making and metal-working activities. The geographical location of Turkmenistan, situated on the busy trade routes of the Silk Road, has influenced the complex course of civilisation evolution in this part of Central Asia.

The Turkmen Soviet Socialist Republic (SSR) was established on 27 October 1924. On 22 August 1990, the Supreme Council of the Turkmen SSR adopted the Declaration on State Sovereignty of the Republic, and Turkmenistan declared its independence on 27 October

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1991.[1] On 2 March 1992, the country became a member of the United Nations. Turkmenistan is also an associate member of the Commonwealth of Independent States (CIS).[2]

The area of the country is 491,200 km^2—the second largest among the five Central Asian countries—and its population is 6.5 million people. The official state language is Turkmen, and the pre-dominant religion is Sunni Islam. The national currency is the Turkmen manat, introduced on 1 November 1993.[3] The capital of the sovereign and independent Turkmenistan is Ashgabat with a population of 900,000 inhabitants.[4]

The country is located in the desert zone, north of the Kopet Dag Ridge of the Turkmen-Khorasan mountain range, between the Caspian Sea in the west and the Amu Darya river in the east.[5] Turkmenistan borders with the Republic of Kazakhstan in the north, with the Republic of Uzbekistan in the north-east and east, with the Islamic Republic of Afghanistan in the south-east and with the Islamic Republic of Iran in the south. The Caspian Sea is the country's natural border in the west.

Turkmenistan is characterised by a sharply continental and exceptionally dry climate with a large annual and daily amplitude of temperatures, low air humidity, high evaporation, and little precipitation. Hence, the supply of fresh water is a crucial aspect in all areas of life in Turkmenistan. The scarcity of fresh water is due to the geographical location and climate of the country, as well as to the low density of the river

[1] Declaration of State Sovereignty of the Turkmen SSR (22.08.1990); Bulletin of the Supreme Council of the Turkmen SSR, 1990, № 15–16, Article 152.

[2] The Commonwealth of Independent States (CIS) is a regional intergovernmental organisation focused on cooperation on political, economic, environmental, humanitarian, cultural and other issues among several former Soviet Republics. On 8 December 1991, the Agreement on the Establishment of the Commonwealth of Independent States was signed in Minsk, by the heads of Belarus, Russia, and Ukraine. According to the CIS Charter, the Council of the Heads of State is the supreme body of the Commonwealth, which discusses and resolves fundamental issues related to the activities of member states in fields of common interest.

[3] 2.85 manat are approximately 1 US dollar (2018).

[4] http://tatturkmen.tatarstan.ru/rus/obzor.htm.

[5] The Kopet Dag (in Turkmen: *Köpetdag*), is also known as the Turkmen-Khorasan Mountain Range, which is a mountain range on the border between Turkmenistan and Iran that extends about 650 km along the border southeast of the Caspian Sea, stretching northwest-southeast from near the Caspian Sea in the northwest to the Harirud River in the southeast. The highest peak of the range in Turkmenistan is the Mount Rizeh (Kuh-e Rizeh), located at the southwest of the capital Ashgabat and stands at 2,940 m.

network; the lowest among the states of Central Asia. The largest rivers are the Amudarya, 1,415 km, the Tedjen, 1,150 km, the Atrek, 669 km, and the Murghab, 530 km.

14.2 Political, Administrative, and Economic Context

In accordance with the Constitution (14.09.2016), Turkmenistan is a democratic, legal, and secular state and a presidential republic.[6] Turkmenistan possesses the status of permanent neutrality, which is enshrined in its Constitution and it forms the basis of domestic and foreign policy of the country. Turkmenistan's permanent neutrality has been recognised by the United Nations General Assembly.[7]

The head of state and the highest official of executive power is the President. G. M. Berdimuhamedov, who was elected as President on 14 February 2007 for a term of five years, and in February 2012 was re-elected for a second five-year term. In accordance with the new Constitution of 2016, the term of office for the president was increased to 7 years. On 12 February 2017, G. M. Berdimuhamedov was elected again President of Turkmenistan for a seven-year term. In accordance with the Constitution (Article 19), the President of Turkmenistan is simultaneously the Chairman of the Cabinet of Ministers. The Cabinet of Ministers is an executive and administrative body. On 14 April 2021, the President G. M. Berdimuhamedov was elected Chairman of the *Halk Maslahaty* (the People's Council) of Turkmenistan and of the *Milli Gengesh* (Parliament) of Turkmenistan.

In 2020, the new Constitution introduced a two-chamber parliament. This bicameral structure is the legislative branch of government (Article 77). The *Khalk Maslahaty* chamber consists of 56 members, and the *Mejlis* chamber of 125 deputies, whose term of office is 5 years.

[6] The Constitutional Law of Turkmenistan "On Independence and the Foundations of the State System of Turkmenistan" (27.10.1991); Bulletin of the Supreme Council of the Turkmen SSR, 1991, № 15, Article 152. The Constitution of Turkmenistan (adopted 18.05.1992), Ashgabat, 1992. Constitution of Turkmenistan (new edition, 2016). Ashgabat: Turkmen State Publishing Service, Constitution of Turkmenistan. Ashbagat, Turkmen State Publishing Service, 2020.

[7] Resolution № 50/80 (12.12.1995); https://digitallibrary.un.org/record/284240?ln=en.

Administratively, Turkmenistan consists of *vilayets* (regions), cities with the rights of *vilayet*, *etraps* (districts), cities with *etrap* rights, cities in the *etrap*, and *gengeshliks* (consisting of one or several villages). There are five regions in Turkmenistan: Ahal, Balkan, Dashoguz, Lebap, and Mary. Ashgabat—the capital city—is equal to a *vilayet*, according to its status. Currently, due to reforms in the administrative—territorial structure of the country, 4 *etraps* (districts) have been established in Ashgabat: Bagtyyarlyk, Buzmein, Berkarar, and Kopetdag. The largest cities of Turkmenistan, besides Ashgabat, are Turkmenbashi (Krasnovodsk), Dashoguz (Tashauz), Mary, and Turkmenabat (Chardzhou).

The basis for economic development of Turkmenistan is its rich mineral resource base, in particular hydrocarbon resources, e.g. oil and gas. Turkmenistan has the highest gas reserves in the world. Along with hydrocarbon resources, solid mineral deposits have been found in the country, including celestine, coal, native sulphur, mineral salts, kaolin, bentonite, and ozocerite.[8] In recent years, the country's fuel and energy complex processing industries, such as oil refining, chemical, petrochemical, mechanical engineering, and metal-working, as well as textile and food industries have been rapidly developing. Turkmenistan is also actively developing its transportation infrastructure of railways and highways, pipelines, power lines, and is creating a maritime merchant fleet.

Turkmenistan's national economy is currently transitioning to a market-based one through the adoption of new forms and methods introduced through state regulation and the development of new infrastructure. The country is improving state structures, focusing on denationalisation and privatisation, hoping to increase the share of the non-state economic activity by encouraging entrepreneurship. In this connection, small- and medium-sized businesses are actively developing in the country. However, the transition to a market-based economy necessitates the creation of a different legal framework and new forms and methods of government that are compatible with new level of economic activity inherent nowadays.

This development effort is initiated by the President of Turkmenistan G. M. Berdimuhamedov, who has introduced various reform initiatives in the political, economic, social, and cultural spheres of the country. A

[8] Turkmenistan also occupies one of the leading positions in the world with respect to its reserves of hydromineral raw materials, in particular inter-crystal and surface brines, underground iodine, bromine waters, stratum waters of oil, and gas and sulphur deposits.

new constitutional reform has been carried out in the country and the process of forming new organisational structures is under way, as well as the development of public administration, aiming at increasing the efficiency of the state apparatus, shaping the legal culture of public servants, and encouraging civil participation in the management of the state.

The new economic policy of the independent and sovereign Turkmenistan provides for shifting the centre of gravity to new methods of leadership at all levels, widespread democratisation, and all-round mobilisation of the human factor. Under these conditions, the need for an effective public administration becomes imperative in order to ensure the implementation of state policies aimed at the rational use of natural, material, and labour resources. They are also aimed at achieving a fair re-distribution of income, protection, and guarantee of basic social and economic rights of citizens, as well as improving the legal culture and maintaining public order. Such aspirations cannot be accomplished without the coordinated wok of the public service at all levels.

14.3 State Service

The state (public) service is a multi-faceted and multi-dimensional issue. This is because, on the one hand, it affects the interests of each individual in the state in accordance with their constitutional and legal rights and it delineates the relationship between the state and the individual. On the other hand, public service is the medium through which the vital activities of a functioning state are effectively performed. In sum, the state service is an integral part of the state, since due to its existence, public administration functions and thus it safeguards the constitutional rights of citizens to take part in public life.[9] Conversely, the state service possesses its own characteristics, which form the basis of its distinction into an independent type of service. All the features of the state service come from the fact that it is the public service, i.e. it is created and organised by the state, regulated by law, and the persons engaged in the state service ensure the fulfilment of state powers. It follows from this that the features of the state service relate to all its structural parts, including, of course, the organisation of the state service itself.

[9] The state service is a special kind of human activity. Therefore, the state service retains, as a type of service, all those attributes that are inherent in the service as such and to any of its types.

No matter how outstanding achievements in the economy, agriculture, domestic science, other spheres of state and public life and industries are, they could not be achieved without the use of new forms and methods of work and advanced technologies in management, which however, require highly skilled personnel and high-level professionals that meet contemporary requirements. Consequently, training and improvement in the quality of public service are two of the directions of current state policy in this area. The state service occupies a vital place in Turkmenistan in the preparation of highly qualified personnel for public administration. Thanks to the existence of state service, public administration is exercised, and the constitutional right of citizens to participate in this administration is ensured. Moreover, the public service today is the most important socio-legal phenomenon, a special, and at the same time complex, mechanism aimed at the realisation of the goals and objectives of government bodies, and, in general, the entire system of state bodies of Turkmenistan.

The State Service of Turkmenistan began to take shape with the Proclamation of State Sovereignty on 22 August 1990 and the Declaration of Independence of Turkmenistan on 27 October 1991.[10] The central issue in Turkmenistan was the formation of an effective system of government, as the most important factor in achieving the long-term development goals of the country. This issue remains one of the most important priorities of the long-term social and economic development of the country nowadays.

The initial stage of the formation of an independent state was characterised by an active process of state-building and of a fundamentally different state government, on a democratic basis. Independence was the beginning of the creation of a new system of government, taking into account the transformation that was occurring in all spheres of public life. The fateful events of 1990 and 1991 played an important role in the political and social life of the people of Turkmenistan. They made possible some significant change, dismantling the previously established soviet administrative system, and transitioning to the formation of a democratic, legal, and secular state.

[10] Bulletin of the Supreme Council of the Turkmen SSR, 1990, № 15–16, Article 152 and Bulleting of the Supreme Council of the Turkmen SSR, 1991, № 15, Article 152, respectively.

The Constitution of Turkmenistan made a major constructive contribution to the establishment of the state administration system in 1992.[11] The adoption of the Constitution of Turkmenistan created the political and legal basis for national consensus, building a new statehood of the Turkmen people. It embodied the essence and tendencies of modern constitutionalism, which have developed both in foreign and domestic law over many decades, and it contains a number of conceptual directions of development and improvement of the state and society. For example, the Constitution provided a provision on public service for the first time. In particular, Article 46 of the Constitution proclaimed, "*Citizens of Turkmenistan, in accordance with their abilities, vocational training, have equal right to access public service*".

The right to equal access to public service was a novelty for the 1992 Constitution of Turkmenistan. Thus, these constitutional provisions played an important role and were of great importance in establishing the foundations of public service in Turkmenistan. The inclusion of this norm in the Basic Law meant not only bringing the Constitution into conformity with the norms of international law, but also the beginning of the formation of a fundamentally new state apparatus and, accordingly, of public service in Turkmenistan.

In 1992, Turkmenistan began the process of transforming the functions and style of work of ministries and other central government departments. The main direction of a rather radical transformation, in this transition period, was economic reform, improvement of organisational management structures, changes in the forms and methods of state management of production processes, and the democratisation of its foundations. During this period, the reform process was based on its own national model of governance at all levels of government with clear divisions of functions between all levels of government and the transfer of numerous functions from the central to local government.

In other words, the first years of independence marked the formation of a new statehood in Turkmenistan, which led to the restructuring of the functions and powers of state bodies and, in general, the entire state apparatus. The formation of a fundamentally different system of state authorities and management was characterised by the expansion of the

[11] Bulletin of the Supreme Council of the Turkmen SSR, 1992, № 5, Article 30.

national economy, the introduction of new forms of ownership in business and strengthening of contractual principles, and the formation of the basic framework for managing market relations, as well as the introduction of new technologies across various sectors of the economy.

Thus, the first years of state independence were years of searching for new solutions, and moving from one state of government to another, better and more efficient. Measures were taken to further improve the organisational structure and activities of government bodies, and functions and powers were redistributed between various sectors of the national economy and links of the state apparatus. During the first stage, the foundations of the new system of state administration were laid, which significantly distinguished it from the previously existing Soviet command-and-control system, and the structure and system of government bodies changed several times.

Nowadays, the Head of the State has initiated a process for the development and the improvement of the institutions of national statehood of the Turkmen people. The necessary conditions have been established to achieve this goal, and legislative and legal frameworks have been formulated and socio-political mechanisms have been put into place for further modernisation of the state administration in Turkmenistan. The main thrust of this stage in the modernisation of public administration is the rationalisation of its structures and the improvement of its efficiency. This initiative also involves the training of public servants at all levels, in order to increase their skills and reorient their tasks and functions taking into account the new state ideology, and the legislative and legal methodology of public administration as an integrated state system.

The public service is necessary for any state, regardless of its structure and political system, form of government or ruling regime. It is the public service that performs the practical tasks that all civilised societies assign to their state administration. Experience of many countries indicates that societies that have not properly organised the work of their public servants experience serious difficulties with their quality of governance. Conversely, reforming the public service is a complex and time-consuming process that requires strong political will, and the implementation of relevant reforms entails the completion of a number of complex measures.

The growing economic potential of Turkmenistan—a result of the state policy pursued by the Head of the State implemented in various spheres of life—puts on the agenda the establishment of a professional system of public service. A system that is based on professionalism, which is capable

of ensuring both the long-term development of the country and the successful implementation of the policies pursued by the state in various fields.

As a general rule, public service in the political-administrative system implements the will of the state on the basis of the Constitution, laws and other legal acts, the provision and maintenance of constitutional-legislative rights and interests of persons and citizens, and the provision of public services on an equal access basis to all citizens.[12] This rule also implies equal access of citizens to public service regardless of gender, race, nationality, language, origin, place of residence, religious and other beliefs, membership in public associations, official status, etc. In other words, the content of the concept of equal access to public service is the right of citizens to occupy any public office without any discrimination on the above or other grounds and enjoy equality of opportunity for employment in the public service.

The constitutional provisions on public service have been broadly interpreted in national legislation. For instance, on 26 March 2016, the country adopted the Law of Turkmenistan "On State Service".[13] In accordance with the first paragraph of Article 1 of this Law, "*a civil servant is a citizen of Turkmenistan who occupies a position specified in the Register of public service positions and carries out activities to implement the tasks of public service*". Consequently, a civil servant is a citizen holding a position in the Register of public servants of Turkmenistan.

Thus, the features that characterise a public servant, according to Article 1, paragraph 1 of the Law, are: (i) a public servant is, above all, a citizen of Turkmenistan; (ii) a civil servant is a person holding a public office; (iii) the positions occupied by public servants are determined by a special Registry, that is a list of all public service positions; and (iv) the activities of a public servant should aim at implementing the tasks involved in the public service. These features are the *a priori* definition of a public servant, provided for in the Law, which has a special purpose.

An important element in the development of the state service has been the creation of the Registry of Public Service. The Registry of public service positions classifies public servants of the state bodies into relevant categories and groups—based on certain criteria—and it is approved by

[12] Citizens of Turkmenistan have equal access to public service according to Article 26 of the revised Constitution—Constitution of Turkmenistan (new edition).

[13] Bulletin of the Mejlis of Turkmenistan, 2016, part II, № 1, Article 48.

the President. The formation of the Registry in Turkmenistan is important for the formulation of qualification requirements and criteria for each category or group of public servants in terms of vocational education, public service experience (other types of public service), or work experience in their area of specialisation and professional knowledge and skills required for the performance of their official duties. In turn, the classification of public servants by ranks allows for correctly determining the status and duties of each category of state servants.

The Law also establishes the restrictions related to public servants. For instance, public servants or state employees do not have the right to engage in other paid activities, other than teaching, and scientific and creative activities. State servants cannot engage—personally or through proxies—in other paid activities or use government assets and/or official information, for non-official purposes or for personally benefiting while exercising their duties or serving citizens and legal entities. Additional restrictions and requirements have been defined in the Law "On Countering Corruption".[14] These apply not only to civil servants but also to citizens elected comprising regional and local government councils, as well as those who work in state organisations and enterprises.[15]

Conversely, Article 35 of the Law of Turkmenistan "On State Service" provides the grounds for refusing admission to the public service. In particular, a citizen cannot be accepted to the public service in the event of non-compliance with the qualifications required by citizens for holding the relevant public office. Additional restrictions of entry to the public service include the submission of deliberately inaccurate information or forged documents required for holding a public office, the presence of a disease included in the list of diseases that impedes the performance of official duties (as approved by the Cabinet of Ministers of Turkmenistan). Furthermore, admission to the public service may be refused to citizens for failure to provide information about their income or the deliberate provision of false or incomplete information, as well as some other reasons delineated in the legislation of the country.[16]

[14] Law of Turkmenistan "On Countering Corruption". Article 6 (01.03.2014).

[15] This category includes persons who perform organisational, administrative, and control functions in enterprises and organisations, in which the state holds a shareholding stake of at least 25 per cent.

[16] The refusal to issue admission to information constituting state secrets, if the performance of official duties in a public office, for which a citizen claims, is associated with

The Law also provides for termination from public service (Article 43). Individual employees may leave the public service at their own will or when their contract has expired. In addition, they may be forced to leave the public service in cases of non-compliance with the public service rules and regulations, e.g. gross violation of official duties, commitment of an act incompatible with public service, or disclosure of secret information. Furthermore, in cases where individuals are convicted for a serious offence, or they lose their citizenship. In accordance with some amendments and additions made in the Labour Code of Turkmenistan, public servants or other public employees are subject to disciplinary action in cases of corruption or creating the conditions for corrupt practices and result in loss of confidence by their employer. Such cases are also grounds for termination from the public service.[17]

Overall, Turkmenistan's public service legislation is sufficiently multifaceted, and it covers various aspects of the matter at hand. In particular, some legislative innovations in the state service institution allows us to talk about changes taking place in approaches about the State Service of Turkmenistan. For example, the Law of 2016 introduces a classification of the type of public services for the first time, e.g. public civil service, military service, law enforcement services, with the latter two further classified as special types of public service.[18]

Specifically, the Law of 2016 provides definitions for each of these types of public service. According to Article 7 of the Law, the public service is a type of service representing professional activities of citizens of Turkmenistan occupying a position indicated in the Register of Public Service Positions, ensuring the fulfilment of the powers of state organisations. Equally, military service is a special type of public service of military personnel serving in the Armed Forces of Turkmenistan and in other military bodies (Article 8). Law enforcement service is another special type

the use of such information, also constitutes the grounds for refusing admission to public service.

[17] Labour Code of Turkmenistan—amendments and additions (03.05.2014), Article 43, paragraph 3 and Article 164, part 3; Bulletin of the Mejlis of Turkmenistan, 2014, № 2, Article 76.

[18] This is in contrast with previous laws, e.g. Law "On service in the apparatus of state bodies" (12.06.1997), Bulletin of the Mejlis of Turkmenistan, 1997, № 2, Article 13 and the Law "On the selection of state leaders and officials for public service in Turkmenistan" (09.08.2002), Bulletin of the Mejlis of Turkmenistan, 2002, № 3, Article 42.

of public service, of personnel serving in state bodies and services exercising their duties to ensure security, and law and order, fighting crime and protecting human and civil rights and freedoms of citizens (Article 9).

Turkmenistan is currently creating the necessary conditions for the training, re-training, and advanced training, as well as for internships and self-education of public servants. This is important as the results achieved through the various types of training play a role in the promotion of public servants within the State Service. For this reason, on 12 September 2008, the Academy of State Service under the President of Turkmenistan was established to provide training, re-training, and advanced training to public servants.[19] The Academy's main task is to provide training to public servants in accordance with the needs of a market economy in order to increase the effectiveness of the state bodies' management, etc.[20] The establishment of the Academy also meant that public administration and public service development became a scientific topic.

Such developments have contributed to the process of transition from a conventional public administration to a new one, which relies on innovative management and decision-making processes based on scientific foundations. Nowadays, public servants are certified in order to verify their qualifications and their business qualities, as well as to identify their compliance with profession, specialisation, and position. This certification allows for an objective assessment of public servants' actual activities, experience in the required specialisation, level of professional knowledge and their legal culture and career prospects. Certification of public servants is carried out every three years by certification committees established in each of the relevant government organisations in which public servants serve.

Another important legislative initiative in Turkmenistan is the Law "On Ethics and Official Conduct of Public Servants".[21] It defines, for the first time, basic concepts such as professional and official ethics and official conduct. According to Article 1 of the Law, professional ethics is a system of moral principles, norms and rule of behaviour that is congruent with

[19] Compilation of Acts of the President of Turkmenistan and Decisions of the Government of Turkmenistan (12.09.2008), № 9, Article 524.

[20] Compilation of Acts of the President of Turkmenistan and Decisions of the Government of Turkmenistan (12.09.2008), № 9, Article 534.

[21] Bulletin of the Mejlis of Turkmenistan, 2016, Part II, № 1, Article 49.

the peculiarities of the public servants' professional activity and specific circumstances of service. Official ethics standards are understood as the norms and rules of conduct aimed at creating a healthy psychological climate and ensuring high quality of work, thus consolidating the public workforce.[22]

In accordance with the Law's provision, public servants, in their official communication, must be guided by the norm that a person is the highest value of society and the state and that a person's rights and freedom are inherent and inalienable, and it has the right to personal integrity, personal and family secrets, and protection of their honour and dignity. Consequently, public servants endowed with organisational and administrative powers with respect to other public servants should exemplify professionalism, enjoy an impeccable reputation, and contribute to the formation of a moral and psychological environment in a government organisation that is conducive to performing work effectively. Furthermore, public servants, while performing their official duties, should promote the respect of citizens to state bodies, and conform to the generally accepted style of business, e.g. distinguished by formality, restraint, and traditionalism.

14.4 Conclusions

It seems that the dynamic development of the public service in Turkmenistan is conditioned by a number of complex and urgent issues that require deeper reflection and further research. Their systematic theoretical and legal analysis will make it possible to understand and uncover the essence of the public service as a most important social and legal phenomenon, and thus, be able to introduce new theoretically and practically oriented ideas for its improvement. Such action is congruent with constitutional provisions that require different approaches to reforming the state system as an essential element of the organisation of public life.

Nowadays, the public service is one of the types of official activities in society. However, it has its own characteristics which distinguish it from other types of service. Its specific features stem from the fact that it is a

[22] Service behaviour is a set of norms expressing the requirements of the state and society to the moral nature of the public service, which, in turn, form the basis for the development of rules of conduct for public servants in the course of their official activities (Chapter 3, Articles 12–13).

service that is created and organised by the state, it is regulated by law and persons in the public service ensure the fulfilment of state powers. It follows from this that the features of the public service relate to all its structural parts, including, of course, the organisation of the public service itself.

Hence, the reforms carried out by the esteemed President of Turkmenistan are aimed at improving the quality of performance of the state organisations. They aim at the implementation of a performance measurement system complete with performance indicators in order to monitor the transformation of the public service into a modern and integral system to accomplish the functions and powers of the state bodies. They also imply improving the system of training, re-training, and advanced training of public servants and, in general, of the entire public service.

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CHAPTER 15

Civil Service Reform in Ukraine

Kostiantyn Vashchenko

15.1 General Overview

Ukraine is the largest country in Europe with an area of 603,628 km^2, located on the southwest part of the East European Plain. Only a small part of its territory (5 per cent) is occupied by the Carpathian and Crimean Mountains. The country lies in the temperate climate zone of the Northern Hemisphere with only the southern coast of Crimea in the subtropical. There are three physical geographical zones within the boundaries of Ukraine—forest, forest-steppe, and steppe—and there are more than 73,000 rivers, the largest ones being the Dnipro and the Danube. Ukraine borders many countries and has access to the Black and Azov Seas.[1] The total length of its state border is 6,992,982 km of which 5,637,982 km on land and 1,355 km on sea.[2] By population, Ukraine

[1] The demarcation of the border between Ukraine and the Russian Federation has not yet been completed. There is also no boundary between the two states in the waters of the Azov Sea.

[2] https://dpsu.gov.ua/ua/map.

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ranks eighth in Europe, with 48.4 million people living in the country.[3] Ukraine has a favourable geographic and geopolitical position, abundant natural resources, labour and production potential and thus it presents great opportunities for economic development. The appearance of an independent Ukraine on the political map has changed the geopolitical realities of Europe and the world. In fact, Ukraine has actually become a buffer state between NATO countries in the west and the Russian Federation in the east and north-east. The official language is Ukrainian. Ukraine is a secular state; the church is separated from the state and school. The dominant religion is Orthodoxy (Christian).

15.2 Introduction

Ukraine's public administration development is one of the priority areas for change defined by the *Verkhovna Rada* (Parliament), the President and the Cabinet of Ministers of Ukraine, as part of the strategic course for implementation of in-depth structural transformation in the political, economic, and social spheres. The course of this development is defined by the European principles of public administration.

The most significant events in the history of modern Ukraine were the adoption of the Declaration on State Sovereignty of Ukraine,[4] by the *Verkhovna Rada* of the Ukrainian Soviet Socialist Republic on 16 July 1990, and the Act on the Declaration of Independence of Ukraine on 24 August 1991.[5] On 1 December 1991, the All-Ukrainian Referendum confirmed the Act of Independence. On 5 December 1991, the *Verkhovna Rada* of Ukraine adopted the Appeal "To parliamentarians and peoples of the world",[6] through which it was announced that the Treaty of 1922 on the formation of the Union of Soviet Sovereign Republics (USSR) Ukraine considers regarding itself invalid and inoperative. On 22 August 1992, the last President of the Ukrainian People's Republic (UPR) in exile, Mykola Plaviuk, proclaimed the Republic of Ukraine

[3] Population census 2001; http://2001.ukrcensus.gov.ua/results/general/estimated/.

[4] http://zakon.rada.gov.ua/laws/show/55-12.

[5] http://zakon.rada.gov.ua/laws/show/1427-12.

[6] http://zakon.rada.gov.ua/laws/show/1927-12.

as the successor of the UPR.[7] The second significant event was the Revolution of Dignity in Ukraine (2013–2014), which contributed to the strengthening of civil society institutions, reinforcing the Ukrainian national identity, and the revival of freedom and dignity values, and support for the pro-European choice of the country.

15.3 Political, Economic, and Social Context

The Declaration on the State Sovereignty of Ukraine, the Declaration of Independence of Ukraine, the results of the All-Ukrainian Referendum and the adoption of the Constitution of Ukraine on 28 June 1996 became the legal basis for building an independent and sovereign Ukraine and delineated the difficult process of creating a new own state.

According to the Constitution of 1996,[8] Ukraine became a Presidential-Parliamentary Republic with broad powers vested with the President. This form of government was retained until December 2004. At that time, the *Verkhovna Rada* (the Ukrainian Parliament) adopted the law "On amendments to the Constitution",[9] which provided for a parliamentary-presidential form of government, with rather limited powers conferred with the Head of the State.

Following the presidential elections in 2010, the negative tendencies towards authoritarianism of presidential authority and concentration of power in the hands of one political entity re-emerged. This development affected the implementation of the constitutional reform, according to which the parliamentary-presidential form of government was replaced with presidential-parliamentary, effectively limiting the competencies, functions, and role of the Ukrainian Parliament.[10]

The "Revolution of Dignity" and the subsequent overthrow of the Yanukovych regime led to more changes, in particular, the ruling of

[7] See Article 1, paragraph 1, point 1; http://www.memory.gov.ua/laws/law-ukraine-legal-status-and-honoring-memory-fighters-ukraines-independence-twentieth-century.

[8] The Constitution of Ukraine explicitly recognises the separation of powers among the executive, legislative and judiciary branches of government; http://zakon.rada.gov.ua/laws/show/254%D0%BA/96-%D0%B2%D1%80.

[9] http://zakon.rada.gov.ua/laws/show/2222-15.

[10] By the decision of the Constitutional Court of Ukraine (30 September 2010) the Law of Ukraine of 2004 "On Amendments to the Constitution of Ukraine" was declared unconstitutional; https://zakon.rada.gov.ua/laws/show/v020p710-10.

the *Verkhovna Rada* recognising that the decision of the Constitutional Court in 2010, was in fact unconstitutional. Thus, the 1996 Constitution—that had been amended in 2004, 2011, 2013, and 2014—was reinstated, and the form of government reverted again to the parliamentary-presidential system.

15.3.1 The Parliament of Ukraine

The sole organ of legislative power in Ukraine is its parliament—the *Verkhovna Rada*.[11] It is composed of 450 people's deputies elected for a five-year term on the basis of universal, equal, and direct suffrage by secret ballot. The Parliament is headed by the Chairman of the *Verkhovna Rada*. Currently, the *Verkhovna Rada* of the 9th convocation represents the legislative branch, elected through the extraordinary parliamentary elections of 21 July 2019. It is now composed of 423 people's deputies.[12]

However, a number of provisions of the Constitution pertaining to the powers of the *Verkhovna Rada* and its relations with other government institutions make it impossible for Parliament to effectively carry out certain functions, a situation which may potentially create conflict. In this regard, parliamentary reform remains relevant, and it involves strengthening the institutional capacity of the parliament and ensuring the proper implementation of its legislative, oversight, and representativeness functions.

Box 15.1: Brief History of the Ukrainian State

The beginning of the modern State of Ukraine is associated with the establishment of the Ancient Rus State.* The Ancient Rus State was established consisting of fourteen large tribal communities of Eastern Slavs, who already existed in the territory of contemporary Ukraine. Proto-state formations—tribal principalities, among which the Polyan tribe was especially distinguished—first appeared between the sixth and eighth centuries. A significant event in the process of political consolidation of the tribal principalities—led by the Polyan—was the founding of the city of Kyiv,

[11] http://iportal.rada.gov.ua/.

[12] This newly formed government succeeded the one elected through the extraordinary parliamentary elections of 26 October 2014, in power for just under five years.

which later became the political centre of all Eastern Slavs.** The influence of the political self-organisation of these tribal communities, along with the penetration of Scandinavian natives (Varangians) led to the establishment of the Ancient Rus State, in the eighth century, with Kyiv as its capital. The Ancient Rus State eventually became one of the most powerful states in Europe. The period between the ninth and thirteenth centuries is characterised by the consolidation of the territories of Ukraine and the strengthening of centralised power over them. It is also characterised by the introduction of Christianity, the written codification of law, the use of diplomacy for resolving contentious international issues and the flourishment of the Ancient Rus culture. At the end of the eleventh century, domestic quarrels between the princes led to the establishment of independent principalities, which by the middle of the thirteenth century were weakened and thus became dependent on the Golden Horde [*Altan Ord*]. This was a turning point in the history of Ukraine, as then it essentially lost its independence.

However, in the latter part of the thirteenth and the first half of the fourteenth century, the Galician-Volyn principality—the direct heir of the political traditions and culture of the Ancient Rus State—united again a significant part of Ukrainian ethnic territory into the Galician-Volyn state. In the second half of the fourteenth century, most of Ukraine was part of the Lithuanian Principality and the Kingdom of Poland. However, the North-Eastern and Novgorod territories remained under Golden Horde rule. As a result, these were influenced by different political traditions and culture, which significantly changed the nature and dynamics of their social development.

In the second half of the fifteenth and the early part of the sixteenth century, Lithuania's decline continued, and Poland's influence intensified. Eventually, following the Treaty of Lublin (1569), the Kingdom of Poland and the Grand Duchy of Lithuania unified into a single state—the Polish-Lithuanian Commonwealth [*Rzeczpospolita*]. The Poles' policies for catholicisation and colonisation of Ukraine resulted to severe aggravation of religious, social, and ethnic relations. The situation led to the establishment of the *Kozatstvo* social movement, whose origins date back to the fifteenth century. The role of the Kozatstvo movement is unique in the history of Ukraine, since it acted as the leading organising force in the struggle for national liberation and it contributed to the formation of the modern state of Ukraine. It also established the Kozaks force, whose main task was to protect the country's borders (1572). Attempts of the Polish-Lithuanian Commonwealth to control the Kozaks, together with

widespread serfdom practices and oppression led to the Kozaks peasants uprisings of the late sixteenth and early seventeenth centuries. These events played a significant role in slowing down the catholicisation and colonisation of the country, increasing the authority of the Kozaks and, at the same time, accelerating the formation of a national identity.

The Liberation War (1648–1657) led by Bohdan Khmelnytskyi, against the Polish-Lithuanian Commonwealth resulted to the establishment of the Kozaks state around the Dnipro River. The Kozaks state's existence—second half of the seventeenth to the first half of the eighteenth century—played a decisive role in the development of Ukrainian statehood by forging the national identity of the Ukrainian nation and thus creating the necessary conditions for the subsequent state-building process to bear fruit. Another important event that also contributed to the development of the Ukrainian state identity and an attempt to form a solid foundation for the liberation of Ukraine was the introduction of the Ukrainian Constitution (1710). Eventually, due to social strife, this state was divided between the Polish-Lithuanian Commonwealth and the Kingdom of Moscow (*Tsardom of Muscovy*). Consequently, most of Ukraine fell under Russian rule, with the exception of Galicia, Bukovina and Transcarpathia, which remained part of the Austro-Hungarian Empire. The loss of statehood and the liquidation of the Kozaks state was accompanied by the abolition of the Kozaks administrative-territorial system and its replacement by the Russian administrative and judicial institutions and the re-introduction of the peasants' serfdom system.

Nevertheless, at the end of the eighteenth and the early part of the nineteenth century the Ukrainian national movement intensified, despite the constant harassment by the Russian authorities. The Ukrainian Revolution (1917–1921) shaped the history of the country since it was characterised by the activity of the Ukrainian Central Rada [*All-Ukrainian National Congress*], the proclamation of its Universals, the reign of Hetman Pavlo Skoropadskyi, the establishment of the authority of the UPR Directorate, and the deployment and suppression of the large-scale rebel movement. Despite the failure of the liberation struggle, this was the time that the unity of the Ukrainian nation was affirmed. It was during the Ukrainian Revolution that the independence of Ukraine was proclaimed for the first time in the twentieth century (22 January 1918) by the Fourth Universal of the Central Rada. It lasted for three years. By that time, Ukraine already possessed all the characteristics of a state: territory, borderline, national emblem, army, monetary system, common language and established diplomatic relations with other countries.

An equally important event was the unification of the Ukrainian People's Republic and the Western Ukrainian People's Republic into one state, the Ukrainian Socialist Soviet Republic (22 January 1919), which in 1922 became part of the USSR. In the 1940s, Western Ukraine and Transcarpathia, and in 1954 Crimea, also became part of the Ukrainian Soviet Socialist Republic.

Another attempt to restore Ukrainian statehood was the proclamation of Independence of the Carpathian Ukraine on 15 March 1939. This lasted until the end of May 1939. Then, on 30 June 1941, in Lviv, the Organization of Ukrainian Nationalists (OUN (b)) proclaimed the Act of Restoration of the Ukrainian State. This proclamation covered the whole territory of the western regions, Zhytomyr, and the western parts of the Kyiv region. Following mass arrests, the OUN went underground and began the resistance movement. In 1942, the Ukrainian Insurgent Army was set up, which opposed the communist totalitarian regime through the mid-1950s.

As of the late 1950s, there was partial liberalisation of the Soviet regime. Under those conditions, the dissident movement that had already existed re-emerged. Its participants advocated the democratisation of society, respect for human rights and personal freedoms, the unrestricted use of the Ukrainian language and the exercise of the Ukrainian people's rights for their own statehood. A characteristic feature of the Ukrainian dissident movement was the struggle for the national interests of the Ukrainian people, which united the most diverse civil groups to protest in unity. For example, the intellectual resistance expressed through the publication and distribution of works by "samizdat" (outlaw underground press) that exposed the defects of Soviet society or the creation of organisational structures to combat the existing state and social system, in which the Intelligentsia played a major role.

[*] *The state name originates from the "Ruthenians" and not the "Russians". Ruthenians were the native tribes who lived near the river Ros, as well as, for some time, natives of Scandinavia (Varangians).*

[**] *The official title of the capital of Ukraine is Kyiv. Kyiv was founded by three brothers—Kyi, Shchek and Khoryv—and their sister Lybid. It was named after the eldest brother, Kyi.*

In fact, work for parliamentary reform began in 2018, by strengthening its oversight and control functions over the executive branch and by increasing the cooperation between parliamentary committees and the corresponding line ministries and government departments; as well as,

by organising thematic meetings of the parliament. Moreover, an electronic circulation of documents has been introduced in the Parliament of Ukraine.

In addition, on 3 September 2019, the Law "On Amendments to Article 80 of the Constitution of Ukraine (concerning the Immunity of People's Deputies of Ukraine)" was adopted and sent for signature by the President of Ukraine.[13]

In order to increase citizens' level of trust and perceptions of the *Verkhovna Rada* as an effective institution, the "Communication Strategy of the *Verkhovna Rada* of Ukraine 2017–2021" was adopted,[14] aiming to achieve the following goals: [i] improve its image, by introducing systematic communications through a single communication centre within the parliament; [ii] introduce a code of ethics and rules of branding of the *Verkhovna Rada*; [iii] increase citizens' awareness of the parliamentary processes; [iv] ensure the active participation of the public in the decision-making process and establish feedback mechanisms; [v] improve cooperation with parliamentary and independent media and journalists; [vi] increase the visibility of the Ukrainian parliament at the international level; and [vii] optimise internal communications and exchange of information within the parliament.

15.3.2 The President of Ukraine

The President of Ukraine is the Head of State and acts in its name. He is the guarantor of the state sovereignty and territorial integrity of Ukraine, of compliance with the Constitution of Ukraine, and of the rights and freedoms of individuals and citizens. The President is elected by popular vote for a period of five years. The same person may not serve as President for more than two consecutive terms. Volodymyr Zelenskyi is the current President of Ukraine (since 20 May 2019).[15]

[13] http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_2?pf3516=7203&skl=10.

[14] http://iportal.rada.gov.ua/uploads/documents/44841.pdf.

[15] https://www.president.gov.ua/en.

15.3.3 The Cabinet of Ministers of Ukraine

The executive branch comprises the Cabinet of Ministers of Ukraine and the central and local executive authorities. The highest body of state executive power is the Cabinet of Ministers of Ukraine,[16] and it is accountable to the President and the *Verkhovna Rada*. It consists of the Prime Minister, the First Vice Prime Minister, Vice Prime Ministers, and Ministers. The Prime Minister is appointed by the *Verkhovna Rada* on the proposal of the President. The current Prime Minister of Ukraine is Denys Shmyhal (as of 4 March 2020) leading 5 Vice Prime Ministers and 17 Ministers.

15.3.4 The Judiciary in Ukraine

Justice in Ukraine is administered exclusively by the courts. The Supreme Court of Ukraine is the highest judicial body in the system of courts of general jurisdiction.[17] The judicial system is based on the principles of territoriality and specialisation determined by law. The Constitutional Court of Ukraine is the single body of constitutional jurisdiction in Ukraine which is separate and independent from the courts of general jurisdiction.[18]

In 2016, judicial reform began with the adoption of the Laws "On Amendments to the Constitution of Ukraine (on Justice)" and "On the Judiciary and the Status of Judges". The reform focuses on the following: [i] transformation of the four-level judicial system into a three-tier one (local/district courts—appellate courts—the new Supreme Court, comprising the Grand Chamber, Court of Cassation Administrative Court, Economic Court of Cassation, Cassation Criminal Court, Court of Cassation); [ii] liquidation of specialised courts (however, specialisation of legal proceedings remains); [iii] appointment of all judges on a competitive basis; [iv] creation of a separate Higher Anti-Corruption Court and a High Court on Intellectual Property; [vi] restriction of judicial immunity; [vii] creation of the Supreme Council of Justice to replace the High Council of Justice; [viii] increase of judge's remuneration (salaries); [ix] extension of disciplinary liability of judges; [x] change

[16] https://www.kmu.gov.ua/en.

[17] http://www.viaduk.net/clients/vsu/vsuen.nsf.

[18] http://www.ccu.gov.ua/en.

in the order of appointment and transfer of judges; and [xi] gradual introduction of a lawyer's sole jurisdiction in representation in courts.

Box 15.2: Reform Priorities of the President of Ukraine

During a meeting of the new President with the new Prime Minister, the leadership of the *Verkhovna Rada* and the heads of the law enforcement state authorities (2 September 2019), the Head of State reiterated the priority reforms outlined in his election programme* and set deadlines for their implementation. These reform priorities include:**

- Restart judicial reform, including complete overhaul of the High Qualification Commission of Judges and ensure the effectiveness of the High Anti-Corruption Court by making it impossible to block its work;
- Personnel overhaul in state authorities, which are the most prone to corruption, i.e. State Service for Geodesy, Cartography and Cadastre; State Service of Geology and Mines; State Architectural and Construction Inspectorate; State Environmental Inspectorate; State Service for Transport Safety; and State Highway Agency (by 1 January 2020, but if possible, earlier);
- Restart law enforcement agencies reform including anti-corruption reform, i.e. State Bureau of Investigation; National Anti-Corruption Bureau; Special Anti-Corruption Prosecutor's Office, and by making it impossible to block their work;
- Adoption and implementation of the Concept of Reform of the Security Service;
- Adoption of the Action Plan for the implementation of the Concept of Counterintelligence Regime in Ukraine;
- Build a powerful and capable army and develop, approve and implement a Defence Plan containing a set of measures to protect Ukraine from aggression;
- Complete decentralisation of power and regional policy reforms, including amendments to the Constitution of Ukraine, i.e. real transfer of power and finances and resources to regions; sectoral decentralisation implementation; provision of quality service to citizens; finalisation of rules for formation of administrative-territorial structures and setting their boundaries; completion of unifications of territorial communities; reform of local executive bodies to control, among other things, the legitimacy of decisions of the newly formed bodies of local self-government; holding local elections on a new administrative and territorial basis (by end of 2019–2020);

- Approval and implementation of the new State Strategy for regional development 2021–2027;
- Ensure the effective use of funds from the State Regional Development Fund and other budgetary programmes for regional development, as well as increase the capacity of regional development agencies (by end of 2019);
- Development of an information campaign to clarify housing reform (by 1 December 2019);
- Restructure and increase the transparency and efficiency of activities of the Public Joint Stock Company "Ukrainian Railway" and envisage liberalisation of the locomotive traction market (by end of 2019);
- Adopt laws on medium-term planning of public finances to finance the construction and repair of highways; as well as bring pricing of major repairs and construction of roads to the standards of projects of international financial institutions (by 1 November 2019);
- Conduct pilot competitions for the concession of the seaports of Olbia and Kherson (by 1 January 2020);
- Form a clear schedule of accumulation of gas and coal reserves (by 20 September 2019);
- Prepare tenders for special permits for oil and natural gas production (by 1 January 2020);
- Adopt Law "On Inland Waterway Transport" (by 1 January 2020);
- Adopt Law "On Concessions" and new version of Law "On Lease of State and Communal Property" (by 1 October 2019);
- Adopt Law "On Stimulation of Investment Activity and Protection of Foreign Investments in Ukraine" (by 1 January 2020);
- Negotiate and conclude product-sharing agreements with winners of subsoil use contests (by 1 December 2019);
- Create conditions to reduce commercial banks' lending rates and increase mortgage and business lending (by 1 October 2019);
- Submit to Parliament draft law on the Financial Investigation Service, legalisation of gambling and amber production (by 1 October 2019) and adopt them (by 1 December 2019);
- Revise and adopt a new Labour Code of Ukraine (by 1 January 2020);
- Approve plan to deregulate and transform permits, as well as the top 30 most popular public services for citizens and business into electronic format and simplify the procedures and reduce the cost

of connection to electricity and gas networks owned by private companies for citizens and business (by 1 January 2020);
- Conduct a full audit of state registers by verifying the identity of citizens in the basic registers and disseminate a unique identifier for the related data;
- Create the conditions for conducting elections and census counts electronically;
- Accelerate completion of the Unified State Demographic Register; introduce a single portal of electronic services that also provides personal information to each citizen contained in the registers, as well as the electronic services "*e-Maliatko*" (e-Baby), ID14 and e-Health;
- Submit draft law on the State Budget of Ukraine for 2020 to the Parliament to stimulate economic growth (by 15 September 2019);
- Develop and submit to Parliament draft law on the agricultural land market and lifting of the moratorium on its sale (by 1 October 2019) and adopt (by 1 December 2019);
- Provide complete information on land plots in the State Land Cadastre (by 1 January 2021);
- Adopt Law on cancellation of the list of objects of state property that are not subject to privatisation (by 1 October 2019);
- Create a list of strategic enterprises that are not subject to privatisation (by 1 October 2019);
- Transfer at least 500 enterprises to the State Property Fund of Ukraine for small-scale privatisation through the "*ProZorro.Prodazhi*" (Pro Zorro Sales) auction system (by 1 December 2019);
- Begin preparation for privatisation of large state-owned companies by involving investment advisers (by 1 December 2019);
- Hold the first privatisation tender—no later than 1 April 2020;
- Amend legislation on the consolidation of functions of state regulation of financial services markets, including the division of functions between the National Bank and the National Securities Commission—"split" (by 1 October 2019).

*https://program.ze2019.com/; http://files.ze2019.com/assets/program.pdf

**https://www.president.gov.ua/news/mi-otrimali-unikalnij-shans-dlya-provedennya-vsih-neobhidnih-57069; https://www.president.gov.ua/news/volodimir-zelenskij-doruchiv-novomu-premyer-ministru-yak najs-57077; https://www.president.gov.ua/news/zlovzhivannya-v-ukroboronpromi-burshtinova-mafiya-ta-zlochin-57081; https://www.pre

sident.gov.ua/news/volodimir-zelenskij-prioritet-potuzhna-boyezdatna-armiya-57085; https://www.president.gov.ua/news/prezident-okresliv-pershochergovi-zavdannya-u-sferi-decentra-57089; https://www.president.gov.ua/news/volodimir-zelenskij-vistupaye-za-restrukturizaciyu-ukrzalizn-57093; https://www.president.gov.ua/news/volodimir-zelenskij-onovlena-vlada-maye-stimulyuvati-investi-57097; https://www.president.gov.ua/news/prezident-doruchiv-vnesti-protyagom-dvoh-tizhniv-do-parlamen-57101.

15.3.5 Administrative and Territorial Structure of Ukraine

According to the Constitution, the system of the administrative and territorial structure of Ukraine is composed of the Autonomous Republic of Crimea, regions (oblasts), cities (the cities of Kyiv and Sevastopol that have special status), city districts, district settlements, and villages. There is a total of 490 districts in 24 oblasts and in the autonomous republic of Crimea. In addition, there are 10 administrative regions in Kyiv and 4 administrative regions in Sevastopol (Table 15.1).[19]

Following the "Dignity Revolution", the Government of Ukraine has begun decentralisation reform, whose main objective is to transfer significant powers, resources, and responsibilities to local self-government authorities.

In 2014, the Cabinet of Ministers approved the "Concept of the Reform of Local Self-Government and Territorial Organization of Power" aimed at identifying the areas, mechanisms, and timelines for the establishment of an effective local self-government and territorial distribution of power aiming to create and maintain a decent living environment for citizens and provide high-quality and affordable public services. The Concept also aspires for the development of institutions of direct democracy for satisfying the local interests of citizens in all aspects of their lives, in harmony with the interests of the Ukrainian state.

In 2015, the administrative and territorial reform was initiated by vesting more powers to local self-government. The Law of Ukraine "On Voluntary Association of Territorial Communities" was adopted,

[19] http://atu.gki.com.ua/ua/ustriydo2015.

Table 15.1 Administrative Structure of Ukraine

Oblasts	*No of city districts*
Cherkassy	20
Chernihiv	22
Chernivtsi	11
Crimea (Autonomous Republic)	14
Dnipropetrovsk	22
Donetsk	18
Ivano-Frankivsk	14
Kharkiv	27
Kherson	18
Khmelnytskyi	20
Kyiv	25
Kropyvnytskyi	21
Lugansk	18
Lviv	20
Mykolaiv	19
Odessa	26
Poltava	25
Rivne	16
Sumy	18
Ternopol	17
Transcarpathian	13
Vinnitsa	27
Volyn	16
Zaporizhzhya	20
Zhytomyr	23
Total	490

Source Geoportal "The administrative and territorial structure of Ukraine"

according to which adjacent territorial communities of villages, settlements, or cities may voluntarily unite into a single territorial and administrative unit.[20] During the same year, the Cabinet of Ministers also approved the "Methodology for the formation of capable

[20] Voluntary association of territorial communities does not change the status of settlements, i.e. rural or urban areas. Furthermore, the administrative capital of territorial units united into one is the locality that has the most developed infrastructure in place, and it is usually located closest to the geographical centre of the newly created administrative and territorial unit, through the voluntary merger of the previously separate and smaller administrative and territorial units; http://zakon.rada.gov.ua/laws/show/157-19.

territorial communities" and it introduced the term "capable territorial community". A capable territorial community is a conglomeration of communities of villages, towns, and/or cities that independently or through voluntary association can provide appropriate levels of public services through their self-government authorities, in the areas of education, culture, health care, social protection, housing and communal economy, etc; by, of course, taking into account, their human and financial resources, as well as the capacity and suitability of their infrastructure. The first 159 such communities appeared in 2015. By the end of 2016, their number grew to 366, and by the end of 2017 to 665.[21]

On 21 February 2018, the Cabinet of Ministers of Ukraine approved the draft Law "On the Principles of the Administrative-Territorial Order of Ukraine", which provides the legislative and regulatory framework for the establishment, liquidation, and/or change in the number and composition of administrative-territorial units, as well as for the names of settlements and their classification into certain categories. The draft Law establishes a three-tier system of administrative-territorial organisation in Ukraine: [i] regional level (the Autonomous Republic of Crimea and the regions); [ii] sub-regional level (districts); [iii] "basic" level (communities, which include one or several settlements); and [iv] the auxiliary level (districts in the cities). Adoption of the law will eliminate duplication of functions and powers between the district-level state administration and district councils and those of the local government authorities. It will also eliminate excessive financial outlays in maintaining the apparatus of the district-level state administrations. Implementation of such tasks is considered a necessary prerequisite for proceeding further with decentralisation.

15.3.6 National Economy

Structural transformation of the national economy has remained relevant for the past two and a half decades in Ukraine. Nowadays, however, such transformation should be in congruence with the conditions dictated by a post-industrialist society and the demands for constant innovation in science, engineering, and the development of new technologies. This

[21] https://decentralization.gov.ua/gromada. By September 2019, the number of consolidated communities has reached 881. Moreover, 63 territorial communities are expected to be merged soon.

course is also in line with the European path of development the country has chosen. However, such market-oriented and modern institutions—capable of providing sustainable and inclusive economic growth—were not, and have not unfortunately been, built over the years since Independence. In this context, the Government faces a huge challenge in rapidly transforming the country's national economy in order to meet citizens' expectations for a functioning market economy, along with the creation of a free and democratic society for adequately improving the quality of life in Ukraine.

Box 15.3: Priority Areas for Economic Development in Ukraine
The priority sectors of the economy defined in the legislation of Ukraine—for creating favourable conditions for investment—are:

- ***Agro-industry***—production and storage of food products, including baby food, as well as production of biofuels, with an emphasis on import substitution;
- ***Housing and utilities***—creation of waste management facilities (household and industrial waste, as well as waste products formed as a result of extraction and processing of minerals and production of electric and thermal energy); construction, reconstruction, and technical re-equipment in the heat supply sector, centralised water supply, and water discharge;
- ***Machine-building***—production of new and import-substituting types of computers, electronic and optical products, machinery and equipment, electrical equipment, motor vehicles, and other vehicles;
- ***Transport infrastructure***—construction, reconstruction, and technical re-equipment in the transport infrastructure sector;
- ***Tourism and recreation***—construction of resort and recreational facilities as well as other tourism-related infrastructure;
- ***Recycling***—import-substituting metallurgical production.

The Association Agreement signed between Ukraine and the European Union (EU) provides for an in-depth and comprehensive free trade area between them. It defines the legal framework for the free movement of goods, services, capital and partially for labour between Ukraine and the

EU. It also serves as a regulatory approximation aimed at the gradual integration of Ukraine's economy into the European common market.[22]

The Agreement offers a concrete way to take advantage of the dynamics stemming from the relationship between Ukraine and the EU, in order to support key reforms in more than 30 areas, such as energy, transport, environmental protection, industrial cooperation, small and medium enterprises, social protection, equal rights, consumer rights, education, training and youth policy, as well as cultural cooperation. The Association Agreement also provides for extended cooperation in 28 specific policy areas.[23]

At the same time, the European Union (EU) remains the largest donor of Ukraine. Since 1991, the assistance provided amounts to more than EUR 3 billion. Only in 2015, EU aid to Ukraine amounted to EUR 200 million. This financial assistance is part of the commitments undertaken by the EU and international financial institutions in order to provide more than EUR 12 billion to support macroeconomic stabilisation and other reforms in Ukraine.[24]

The vision for pursuing consistent and complex economic reforms is provided by a number of strategic documents, e.g. the Programme of Priority Reforms of the President of Ukraine, the Action Programme of the Cabinet of Ministers of Ukraine; the Memorandum of Economic and Financial Policies between Ukraine and the IMF; the Strategy for Development of the Public Finances Management (PFM) System; and the Strategy for Public Administration Reform in Ukraine for 2019–2021. It is hoped that implementation of economic reforms envisioned in these

[22] The EU is an important trading partner of Ukraine, accounting for 35 per cent of its foreign trade. The main component of the Association Agreement, the DCFTA (Deep and Comprehensive Free Trade Agreement) includes not only a reciprocal opening of markets for most goods and services, but also mandatory provisions for the gradual approximation to the EU norms and standards in the sphere of trade and other related industries.

[23] For example, transport, environmental protection, cooperation on industrial policy, state finance, macroeconomic stability, corporate law, banking, insurance and other financial services, information technology and telecommunications, tourism, agriculture, mining industry, scientific and technical cooperation, cooperation in space technologies, protection of consumer rights, cooperation in the social sphere, health care, education, training, cooperation in cultural affairs, etc, which aim at the gradual approximation of the country's legislative framework to EU legislation and international standards and norms.

[24] https://eeas.europa.eu/headquarters/headquarters-homepage_uk/29685/Відносиниміж€СтаУкраїною:інформаційнадовідка.

documents will result in a dynamic, sustainable, and inclusive growth and to structural modernisation of the economy, improvement of business conditions, development of new enterprises, and job creation, resulting to a considerable increase in citizens' incomes.

The key to economic growth is the creation of equitable, transparent, and predictable business rules, the inclusion of Ukraine in regional and global value-added chains, the creation of conditions for the development of high-tech industries, the acceleration in attracting foreign investments, as well as the development of the export potential of Ukrainian producers.

In addition, the Government continues to focus its efforts on creating favourable taxation conditions, developing an optimal regulatory regime, increasing levels of fair competition, developing small and medium business, intensifying privatisation processes, introducing changes in the management system of state enterprises, reforming the public procurement system, protecting intellectual property, and expanding foreign economic relations.[25]

Furthermore, the Government plans to ensure the integration of EU law into the national legislation, the creation of appropriate administrative and institutional frameworks in the domains of technical regulation, standardisation and market monitoring, in order to improve the quality of goods and services produced and facilitate their access to the EU and other markets.

Despite external and internal challenges, Ukraine has continued to move towards implementation of extensive structural reforms over the past three years, thus leading to the emergence of positive economic trends. Data on Ukraine's economic development in 2017 indicate that the positive economic trends will continue, relative macroeconomic stability will be maintained, and that the business and investment climate will improve further. Such prospects will lead to further qualitative economic growth.[26]

To date, the main factors of growth have mainly been domestically driven, e.g. investment and consumer demand that was combined with the improvement of the external environment in contrast to previous

[25] http://zakon.rada.gov.ua/laws/show/843-2013-%D1%80#n7.

[26] In 2017, real GDP growth was estimated by the Ministry of Economic Development and Trade of Ukraine at 2.2 per cent, which is higher than the expected 1.8 per cent; http://www.me.gov.ua/Documents/List?lang=uk-UA&id=5ab7e1e4-e9a5-4c0c-b53a-69d1788c327a&tag=ZvitiProDiialnist.

years. Furthermore, positive structural changes in the economy can be traced to the strengthening of the investment component of development and the rise in the income levels of the population due to the implementation of reforms and the launch of large-scale investment projects in infrastructure, defence and in energy-efficiency.

Box 15.4: Foreign Trade Dynamics

The foreign trade dynamics have improved as a result of rising prices in the world markets for certain Ukrainian export products, as well as the penetration of new markets. During January to April 2017, the volume of goods exported increased by 28 per cent (National Bank of Ukraine 2017). Food products and raw materials were the champions.

In addition, there has been an increase of 26.1 per cent in goods exported to the EU Member States, under the temporary application of the provisions of the Association Agreement, which represents 33.5 per cent share of the total goods exported. According to data of the National Bank of Ukraine, imports of goods increased by 22.4 per cent in the period January to April 2017, when compared with the corresponding period in 2016. Imports from the EU Member States increased by 25.3 per cent, representing a share of 37.1 per cent of the total imported goods. Overall, exports of goods and services grew by 23.1 per cent and imports of goods and services by 19.1 per cent.

The balance of trade in goods and services stood at minus USD 1,595 million for the period January to April 2017, in contrast with a balance of minus USD 1,793 million during the same period in 2016;

http://www.me.gov.ua/Documents/List?lang=uk-UA&id=5ab7e1e4-e9a5-4c0c-b53a-69d1788c327a&tag=ZvitiProDiialnist;

https://bank.gov.ua/control/uk/publish/category?cat_id=71165710.

In 2017, the minimum wage was increased to UAH 3,200.[27] As expected, this initiative had a positive impact on the economy, since it stimulated and expanded consumer demand, which was coupled with

[27] According to calculations of the Ministry of Economic Development and Trade—based on preliminary quarterly data of the State Statistics Service of Ukraine—the wages share in GDP increased by 2 per cent for nine consecutive months in 2017, reaching a total of 40.4 per cent in comparison with the corresponding nine months in 2016 (according to Eurostat, the wages share in the GDP of the EU-28 group stood at 47 per cent for the same 9 months in 2017); http://www.me.gov.ua/Documents/List?lang=uk-UA&id=5ab7e1e4-e9a5-4c0c-b53a-69d1788c327a&tag=ZvitiProDiialnist.

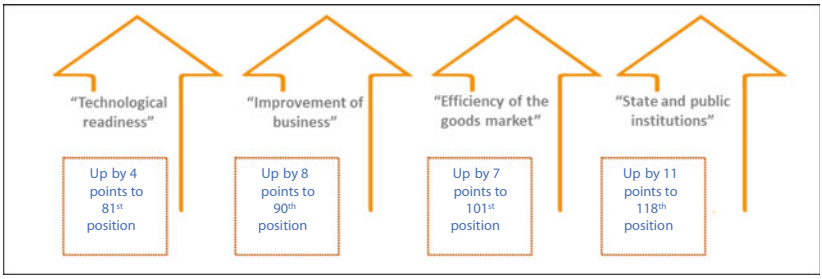


Fig. 15.1 Ukraine's global competitiveness rankings (*Source* Insight report "The Global Competitiveness Report 2017–2018")

increased production activity and improved financial conditions for business. In sum, changes in the economy have had a positive effect on the business environment, as well as on the attitudes of lenders, investors, and the general public, which is corroborated by the decline in the shadow economy—from 36 to 33 per cent of GDP for the first nine months of 2016 and the first nine months of 2017.

In the Global Competitiveness Index 2017/2018, Ukraine ranked 81st out of 137 countries. Hence, Ukraine has improved its position over the past year by 4 points for the first time in the last three years. Specifically, Ukraine's position has improved in four sub-indices in particular.[28]

Furthermore, due to the on-going deregulation of the economy, Ukraine has improved its position in the ratings of "Doing Business" by ranking 76th among 190 countries of the world; effectively having increased its position over the past year by 4 points and it continues to steadily increase its rating from year to year (Figs. 15.1 and 15.2).

In fact, the investment environment demonstrated its highest dynamics of development in 2017 over the past decade in improving business expectations and gradually easing investment risks, primarily due to the relative macro-financial stabilisation and the continuation of the reform process (Fig. 15.3).

Against this background of relative stabilisation of the economy, the labour market is also showing positive trends. The unemployment rate—among the economically active population aged 15–70 years—decreased

[28] http://www.me.gov.ua/Documents/List?lang=uk-UA&id=5ab7e1e4-e9a5-4c0c-b53a-69d1788c327a&tag=ZvitiProDiialnist.

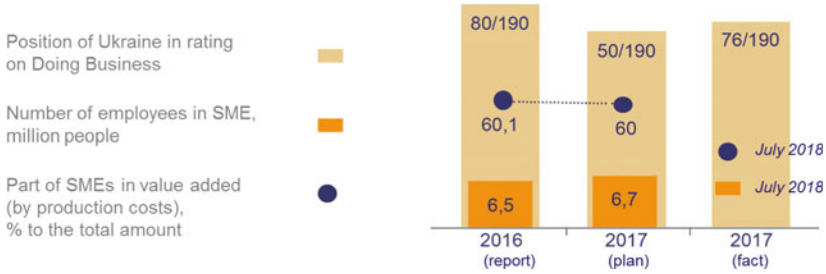


Fig. 15.2 Ukraine's doing business rankings (*Source* World Bank "Doing Business Index 2018")

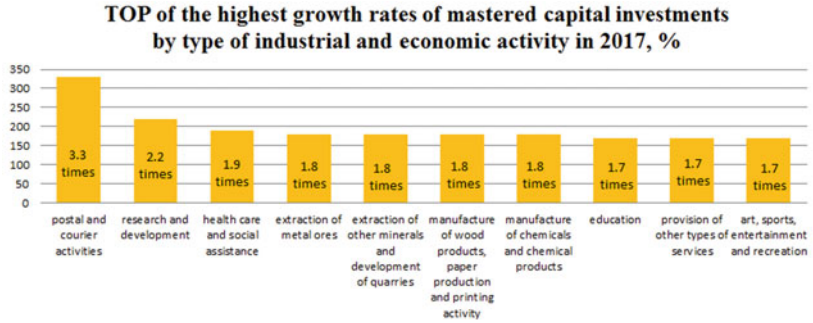


Fig. 15.3 Growth Rates of Capital Investments in Ukraine (*Source* State Statistics Committee, calculations by the Ministry of Economic Development and Trade)

from 9.3 in 2016 to 9.1 per cent in the 2nd quarter of 2017 and to 8.9 per cent in the 3rd quarter of 2017. However, along with this positive trend, the Ukrainian labour market shows signs of labour shortage. In 2014 the economically active population were 20.2 million, by 2017, this number decreased to 17.8 million. This is due not only to the annexation of the Autonomous Republic of Crimea and the partial occupation of the Donbass District; but also to the significant outflow of the labour

force abroad. Ukraine loses up to 130,000 economically active individuals annually.[29]

15.3.7 Public Administration Reform

Reform of public administration is one of the key reforms in a transition economy. An effective public administration system is one of the primary factors contributing to the competitiveness and economic growth of a country that also affects the state's ability to develop and introduce effective public policies in all key areas of life. Furthermore, an effective system of public administration is one of the basic prerequisites for democratic governance based on the rule of law. Thus, most institutions of the public administration system have been transformed since 1991 in Ukraine. State and local government authorities are functioning, and state and local self-government civil services have been defined. In particular, laws have been introduced that define the legal status, jurisdiction and competencies of the Cabinet of Ministers and of the state and local executive authorities.

In sum, this transformation process of the public administration system of the independent Ukraine has taken place in several stages:

(i) ***First stage (1991–1996)***

It is characterised by the breakdown of the soviet command administrative system and the formation of the national administrative system together with the development of the initial principles on which the civil service of Ukraine should function. It is also characterised by the establishment of a special authority on civil service issues, the establishment of the National Academy for Public Administration under the President of Ukraine, and the creation of a professional training system for civil servants.

(ii) ***Second stage (1996–2003)***

[29] Labour migration is regarded as one of the biggest challenges for Ukraine, especially of young people and the highly skilled labour force, which is also conclusive emigration in most cases. According to the Ministry of Foreign Affairs, 5 million Ukrainians are working abroad nowadays; http://nbuviap.gov.ua/index.php?option=com_content&view=article&id=3188:rinok-pratsi-v-ukrajini&catid=8&Itemid=350.

This stage focused on the complex reorganisation of the central and local executive authority systems. Changes in the Constitution in 1996 led to the transformation of the executive power organisational system. First, with the introduction and adoption of new basic laws on the functioning of the Government, and second with the implementation of their provisions by the central executive authorities and local state administration leading to substantial administrative reform.

(iii) ***Third stage (2004–2009)***

This was a transitional stage in the transformation of the public administration system. It included structural changes, due to the constitutional change that dictated the transition to a parliamentary form of government from a presidential one—the limitation of authority of the President and further empowerment of the *Verkhovna Rada* and the Cabinet of Ministers—and the decentralisation of power and the introduction of a three-tier system of state administrative structures.

(iv) ***Fourth stage (2010–2014)***

This involved legislative changes in the organisation and structure of the executive authority system. Executive authority structures were optimised, reducing their numbers from 111 to 74. At the same time, in accordance with the Decision of the Constitutional Court of Ukraine of 30 September 2010, the Law of Ukraine "On Amendments to the Constitution of Ukraine" was annulled and thus there was a return to the presidential-parliamentary form of government. In this context, the President was given the right to form the Government, and the powers, functions and role of the Ukrainian Parliament were consequently significantly limited.

(xxii) ***Fifth stage (2014 to date)***

The current stage is devoted to approximating the public administration and civil service systems with the European principles of public administration. This stage has been marked by the signing of the Association Agreement, which calls for the development of a transparent, functional,

and effective public administration system in Ukraine. Hence, several normative legal acts have been introduced to further reform the public administration system and increase its role and involvement in implementing new functions and tasks of the state, in accordance with the provisions of the Association Agreement. The following:

- The Action Plan on Implementing the Association Agreement for 2014–2017. It provides for the development of legislation, organisation and implementation of activities aimed at increasing the professional competence of civil servants;
- The Agreement on Financing the "Contract with Ukraine for the Development of the State". This Agreement provides for the reform of the civil service system, including those public servants working in the local self-government authorities;
- The Concept for the Reform of Local Self-Government and the Territorial Organisation of Government in Ukraine. It provides for the development of effective local self-government, territorial organisation, and distribution of power among the different levels of government;
- The Strategy for Sustainable Development "Ukraine 2020". This strategy strives for the implementation of 62 reform and state development programmes, such as decentralisation, public administration and civil service reform, optimisation of the central government system, e-governance, etc;
- The Activity Programme of the Cabinet of Ministers of Ukraine and the Action Plan for its implementation. These documents outline the activities of the Cabinet of Ministers of Ukraine that need to be implemented in order to advancing decentralisation and for reforming the public administration and the financial sectors;
- The Action Plan on Legislative Support to the Reform in Ukraine. This Plan is a roadmap for the implementation—by the Verkhovna Rada of Ukraine—of the political and legal changes needed to develop the society and the state. It is also an instrument for achieving the goals of strategic reforms in Ukraine. Furthermore, it entails the reform of the Cabinet of Ministers and of the central executive authorities and it envisages the introduction of e-governance in the provision of administrative services, decentralisation of power, local self-government reform and civil service development;

- The State Programme on the Implementation of the Principles of the State Anti-Corruption Policy in Ukraine (the Anti-Corruption Strategy) for 2014–2017. This programme provides for activities that will improve and ensure public access to public information; and
- The Memorandum of Economic and Financial Policies between Ukraine and the International Monetary Fund (IMF). This document includes provisions for a radical restructuring of state governance and for combating corruption, as well as for the improvement of the business climate and reform of state enterprises, the improvement of fiscal policy, etc.

In order to further improve the system of public administration, the "Strategy for Public Administration Reform 2016–2020" and the "Action Plan" were approved and adopted in 2016, by the Government. This strategy was formulated in adherence with the pan-European general principles and criteria for good governance and it was developed by SIGMA/OECD.[30] The objective of the Strategy is the establishment of an effective public administration system that is in line with the principles of public administration of the EU capable of formulating and implementing coherent public policy aimed at sustainable social development and adequate response to internal and external challenges; and of providing quality public services to citizens and ensuring the optimal use of public finances.[31]

The Strategy identifies the following areas for reform: [i] state policy formulation and coordination; [ii] civil service and human resources management modernisation; [iii] accountability and transparency of public authorities[32]; [iv] quality provision of administrative services (standards of provision and guarantees for administrative procedures, quality of administrative services, e-governance); and [v] public finance management (administration of taxes, preparation of the state budget, execution of the state budget, public procurement system, internal audit, accounting

[30] http://www.sigmaweb.org/publications/principles-public-administration-overview-nov2014.pdf.

[31] http://zakon.rada.gov.ua/laws/show/474-2016-%D1%80.

[32] Organisation of a public administration system with a clear definition of accountability including the possibility of judicial review of administrative decisions and transparency through free access to public information.

and reporting, external audit).[33] In this context, the Strategy defined five reform components:

- ***Establishment of a strategic planning system for public policy formulation and coordination***

This component provides for the establishment of effective and fast policy coordination systems, including the following: [i] increase the strategic capacity of the Cabinet of Ministers; [ii] improve the strategic planning system, and its monitoring and evaluation components; [iii] improve the methodology for formulating state policy, including a quality assessment of standards-setting in work and the introduction of an electronic document management system;

- ***Enhancement of the accountability of public administration organisations***

The main tasks of this component include: [i] definition of the mission, areas of responsibility, functions and tasks of ministries, and other central executive authorities; [ii] delineation of the central executive authorities' accountability procedures; [iii] installation of accountability mechanisms; and [iv] optimisation of staffing in the ministries and other central government organisations through functional reviews and workload assessments;

- ***Modernisation of civil service and human resources management***

This component delineates the actions for the reform of the civil service and the development of a new generation of civil servants;

- ***Improvement in the provision of administrative services***

It envisions further development of centres for the provision of administrative services, the increase of the number of administrative services provided through such centres and further improvement in the quality of their provision;

[33] http://zakon.rada.gov.ua/laws/show/474-2016-%D1%80.

- *Development of a public financial management system*

It provides for the construction of a modern and effective public financial management system capable of providing high-quality public services, efficiently accumulating resources and distributing them in strict accordance with the priorities of the state's development plans, medium- and long-term.[34]

Moreover, in 2016, the Coordinating Council on Public Administration Working Group of State Secretaries was established in the Cabinet of Ministers' Secretariat, in order to ensure a concerted approach and improved coordination for the Strategy's implementation in the area of public administration reform.[35] Then, in 2017, the Government, with the involvement of the Office of Reforms of the Cabinet of Ministers, approved the Medium-Term Plan of Priority Actions by 2020, which, essentially, defined the purpose and policy objectives of the Government for the period.[36] The plan has become an important tool in ensuring systematic implementation of public administration reform and strategic and budgetary planning activities.

Such activities have made it possible to identify medium-term priorities for inclusion in the budget and their approval for the next three years (starting in 2018). Furthermore, an inter-agency monitoring system was established for implementing the Action Plan in order to realise the goals of the Strategy, according to a decision of the Coordinating Council. This monitoring system has several advantages. It allows public organisations to report online and it has a two-tier online check; it also allows to formulate analytics in terms of tasks, responsible state authorities and responsible persons for each task, who are obliged to update the system with supporting documentation, e.g. regulations, projects, etc, promptly. Furthermore, it provides tracking data on the step-by-step implementation of the PAR Strategy initiatives (Fig. 15.4).

[34] http://zakon.rada.gov.ua/laws/show/474-2016-%D1%80.

[35] A Working Group of State Secretaries and specialised structural units.

[36] https://www.kmu.gov.ua/ua/diyalnist/programa-diyalnosti-uryadu/serednostrokovij-plan-prioritetnih-dij-uryadu-do-2020-roku-ta-plan-prioritetnih-dij-uryadu-na-2017-rik.



Fig. 15.4 Coordination Structure for Reform

15.3.8 Electronic Governance

In September 2017, the Government approved the "Concept of Development for e-governance in Ukraine", aiming at modernising public administration by optimising administrative processes in government organisations through the use of information and communication technologies.[37] In preparation for the anticipated transformation into the development of normative legal acts in electronic format, the Cabinet of Ministers resolution "Some Issues of Drafting Legislation Acts in Electronic Format" was approved and the development of the appropriate software systems is currently underway.[38]

The integrated electronic document management system (EDMS) will encompass all central executive authorities and regional state administrations in order to exchange documents electronically; currently operating in more than 80 per cent of the cases. Moreover, the connection of city

[37] https://www.kmu.gov.ua/ua/npas/250287124.

[38] http://zakon.rada.gov.ua/laws/show/608-2017-%D0%BF.

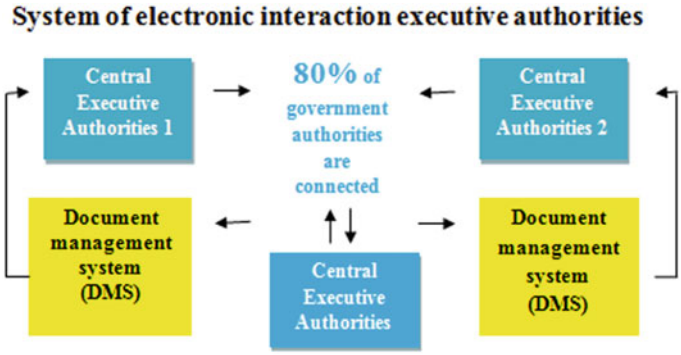


Fig. 15.5 Electronic interaction system of executive authorities

councils of the cities of oblast significance to the EDMS of the executive authorities is also in progress (Fig. 15.5).

At the same time, a comprehensive reorganisation of ministries has been launched, aimed at improving the decision-making process on the basis of a comprehensive policy analysis. In order to ensure a strategic approach to reform, 50 new policy and strategic planning directorates have been established in ten pilot ministries, two Agencies and the Secretariat of the Cabinet of Ministers. The ten pilot ministries have adopted a new organisational structure consisting of several directorates and a secretariat. This reform envisages the transformation of ministries into modern analytical and communication centres, in support of government policy preparation and formulation and subsequent implementation.

Furthermore, revising the structures of government organisations is a priority in reforming government ministries. Thus, the reform entails the establishment of directorates for policy and directorates for strategic planning and European Integration. The latter will combine elements of planning, i.e. strategic and operational plans and systematic commitment of resources for the implementation of the Association Agreement provisions (Fig. 15.6).

In order to ensure that central executive authorities, whose activities are directed and coordinated by the Cabinet of Ministers, are accountable, efficient, and effective, as well as to outline the guidelines for the organisation of the system of central executive authorities, the Government adopted the Resolution “On Approving the Concept of Optimisation of



Fig. 15.6 Main Steps for Implementing the Concept of Optimisation of the System of Central Executive Authorities

the System of Central Executive Authorities".[39] In accordance with the provisions of this Resolution, the Minister of the Cabinet of Ministers is entrusted with the coordination of the work of central executive authorities. Thus, the function of the Cabinet of Ministers in monitoring and coordinating the implementation of reforms in subordinate ministries has been strengthened.

In sum, the Concept provisions primarily relate to the reform of ministries aimed at strengthening their institutional capacity to formulate state policy in areas defined by the Cabinet of Ministers, as well as to allocate functions on the formation and implementation of the state policy. This will increase the functional efficiency of the entire system of central executive authorities.

[39] http://zakon.rada.gov.ua/laws/show/1013-2017-%D1%80.

The following guiding principles have been outlined in order to achieve the goals of the Concept:

- Improvement of the regulatory framework for the organisation of the system of central executive authorities;
- Review and adjustment of the number of central executive authorities, including proper allocation of their functions according to their mandate and type of function;
- Reduction in the number of central executive authorities whose activities are directed and coordinated directly by the Cabinet of Ministers of Ukraine;
- Clear division of the areas of responsibility of the ministries and review of their functions (abolition of redundant functions, elimination of duplication of functions, addition of functions that are currently absent);
- Determination of the mechanism that governs the exercise of the powers vested to the members of the Cabinet of Ministers, and do not head ministries, to submit for consideration to the Cabinet of Ministers, draft legal acts developed by central executive bodies, on their own initiative on matters of their competence;
- Raise the level of the organisation of activities of the Secretariat of the Cabinet of Ministers and its powers to international standards.

In addition, the role of the Minister of the Cabinet of Ministers has also been strengthened by empowering him/her to submit draft legal acts for consideration by the Government.[40]

15.3.9 Administrative Services Delivery

Increasing the level of transparency and accountability of public administration organisations is also a priority, as well as an indicator of progress in the implementation of reforms. Thus, the network of Centres for Administrative Services Delivery (CASD) was recently expanded and service provision procedures, including service delivery through electronic means, were improved (Fig. 15.7).

[40] Law of Ukraine № 2190 (09.11.2017) "On Amendments to Several Legislative Acts of Ukraine on Particular Issues of Civil Service".

In 2017, 64 new CASD centres were opened, reaching a total of 746 at the end of the same year, an increase of 682 since 2016. Furthermore, the number of services provided by the CASDs has expanded from 84 in 2016 to 95 in 2017.[42] The number of administrative service provision transactions reached 11 million in 2017, 33 per cent higher than 2016, when 8.3 million transactions took place. On average, more than 40,000 services are provided to individuals and legal entities through the CASDs every day.[43] Further expansion of the network of the CASDs is planned, as well as further improvements in service provision modalities (Fig. 15.8).

According to the results of an external independent research conducted by the Office of Effective Regulation (BRDO), in October 2017, the overall indicator of the Government's openness stands at 66 per cent.[44]

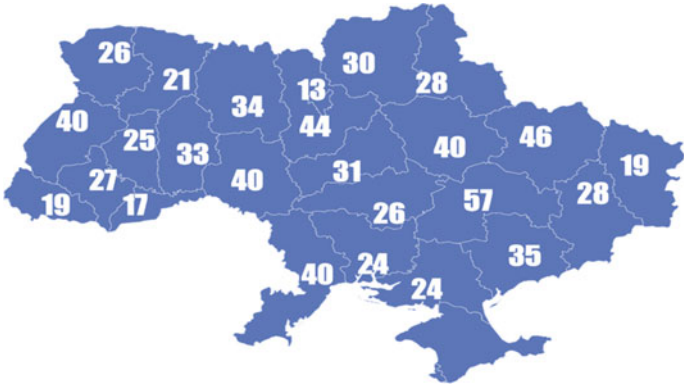


Fig. 15.7 Number of CASD by oblast[41]

[41] Interactive map. State Border Guard Service of Ukraine https://dpsu.gov.ua/ua/map.

[42] According to the relevant Order of the Cabinet of Ministers of Ukraine, the list of public services of central government executive authorities, which should be provided through the CASDs should reach 136 in the foreseeable future.

[43] Provision of e-services is carried out through the Unified State Administration Portal; http://poslygy.gov.ua.

[44] "*Transparency of Government 2.0*"; https://regulation.gov.ua/rating/transparency2.

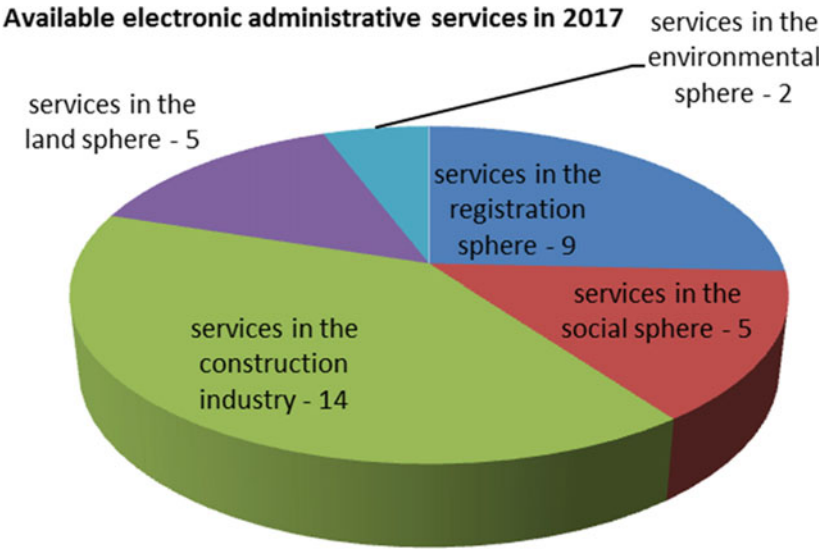


Fig. 15.8 Administrative Services Provided Electronically (2017) (*Source* http://data.gov.ua)

It is also worth noting that the value of this indicator has improved by 19 per cent, as of February 2019, when the last study was conducted by BRDO.[45]

The Government has also established a unified open data portal—http://data.gov.ua—in order to establish a coordinated resource for information provision from government authorities to the public. The portal provides access to government information in the form of open data, effectively allowing multi-purpose usage and further analysis. Over 27,480 data sets have been made available in the portal and almost 2,000 users have been registered, since the portal's establishment. In 2016, more than 11,000 data sets were made available and nearly 800 new users were registered. In 2017 more than 16,000 sets of open data are available in the portal and around 1,200 new users were registered.

[45] https://regulation.gov.ua/rating/transparency2.

15.4 Civil Service Reform

One of the Strategy's public administration components calls for civil service reform. The main activities for civil service reform are:

- Implementation of the Law of Ukraine "On Civil Service";
- Establishment of structural units for personnel management;
- Definition of civil service reform specialist positions, who are responsible for major national reform initiatives;
- Civil servants' remuneration system reform;
- Optimisation of the number of personnel in the state administration system;
- Establishment of an integrated information management system for human resources management in the civil service;
- Reform of the professional training system for civil servants.

In this context, the National Agency of Ukraine on Civil Service (NAUCS) with the participation of international experts from SIGMA[46] and representatives of the public prepared the draft Law "On Civil Service" to provide the legal framework for implementation of the envisioned activities. On 10 December 2015, the *Verkhovna Rada* adopted Law № 889-VIII "On Civil Service", which marked the beginning of the civil service reform system.[47] The new law provided the legal framework to:

- Introduce a new model for competitive selection for the civil service and a new remuneration model for civil servants;
- Create the posts of the State Secretary of the Cabinet of Ministers of Ukraine and of State Secretaries in the ministries;
- Establish personnel management services and a fundamentally new model for managing regular, specialised, and advanced training for civil servants and employees of local self-government authorities;

[46] Support for Improvement in Governance and Management Programme (SIGMA); www.sigmaweb.org.

[47] http://zakon.rada.gov.ua/laws/show/889-19. In addition, more than 40 (sub)-legal acts—necessary for the implementation of the Law's provisions—were developed and approved during the period 2016–2018.

- Ensure the stability of the civil service by protecting the rights of civil servants; and
- Support activities raising public awareness on the results of such activities to ensure transparency and accountability of the executive authorities by introducing the obligation of publishing progress reports annually.[48]

An important milestone in the civil service reform process was the establishment of the Senior Civil Service Commission. The Commission began its work in June 2016. It consists of eleven members, seven representatives from all branches of the Government, and four representatives from public associations, scientific establishments, and educational institutions. The main mission of the Commission is to facilitate the formation of a professional and qualified senior civil service by ensuring the fairness and efficiency of the competitive selection process for public service positions.[49]

Through this process, 150 individuals have been appointed, including state secretaries of ministries, heads of regional and district state administrations, and heads of central executive authorities and their deputies.[50] As of 1 January 2019, 90 per cent of the state secretaries' positions are filled. Furthermore, 47 individuals have been appointed to civil service positions in central executive government authorities (heads, first deputies, deputy heads, chief executives, state secretaries, and deputy state secretaries), of which nine are female and the remaining male. Moreover, 75 individuals have been appointed to the position of head of district state administration (DSA), of which seventeen are female.[51]

[48] In accordance with Article 45 of the Law № 889-VIII "On Civil Service", the heads of public authorities are required to publish a report annually describing progress of the activities of the state entity they are responsible for, in cooperation with representatives of public councils, public associations, employers' organisations, trade unions, non-profit organizations, experts of the relevant branches and Mass Media representatives.

[49] The Commission has held 76 meetings and has overseen 228 competitions for civil service category "A" positions since its establishment to 1 January 2019.

[50] The Government has appointed seventeen State Secretaries in Ministries, the State Secretary of the Cabinet of Ministers of Ukraine and four of their Deputies.

[51] According to the results of the competitive selection processes held in 2017, 23 per cent of such positions were awarded to female candidates. This percentage has not changed much when compared with 2016 (22 per cent). Nowadays, only one in nine of the state secretary positions is held by a female (11 per cent of such positions). This

15.4.1 Creation of Institutional Structural Units for Human Resources Management

According to the Law of Ukraine, "On Civil Service" human resources management units should be agents for the professionalisation of the civil service, unlike the existing staff units. In accordance with the Typical Provision passed by the Order of the National Agency of Civil Service, a new list of powers for the human resources management units has been approved.[52]

This Provision envisages that public human resources management units are mandated with the:

- Organisation of the work for developing the structures of government authorities;
- Participation in the development of draft regulatory acts related to human resources management, labour relations, and the civil service;
- Submission of proposals to the head of the civil service regarding the improvement of human resources and personnel management;
- Study of personnel needs of government authorities and provision of relevant proposals to the head of the civil service;
- Development of special requirements for candidates who apply for categories "B" and "C" civil service positions;
- Organisation of internal training for civil servants in government authorities;
- Planning of professional development of civil servants in government authorities; and
- Quantitative and qualitative analysis of the composition of the civil service.

In order to support civil service reform and improvement of the personnel management system in government authorities, the Council for Human

represents a partial improvement when compared to 2016 (7.6 per cent of "A' Category positions were held by females). In the case of manager and deputy manager positions in central government executive authorities, the percentage of females is the same as the average for all "A" Category positions, standing at 21 per cent, for 2016 and 2017. Female candidates fared better as heads of local self-government administrations, where eighteen out of a total of 70 such positions (25.7 per cent) were occupied by females; http://finmonitoring.in.ua/wp-content/uploads/2018/02/nads.pdf.

[52] https://zakon.rada.gov.ua/laws/show/z0438-16.

Resources Management for the Civil Service under the NAUCS was established. It consists of the heads of units for human resources management of central executive authorities.[53]

The Council's main responsibilities are:

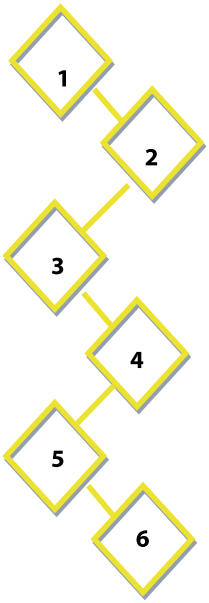
- Formulation of proposals for the development of modern human resources management in the civil service under the coordination of the National Agency of Ukraine on Civil Service;
- Development of proposals for the implementation of consistent and effective human resources management in the civil service;
- Activity analysis of work efficiency and improvement of personnel management services;
- Facilitation of experience and information exchange on human resources management in the civil service;
- Development of recommendations for introducing new systems and approaches for the professional development of civil servants;
- Development of recommendations for encouraging civil servants to carry out their duties in a conscientious, professional, and efficient manner; and
- Elaboration of proposals for improving legislation for personnel management in the civil service.

15.4.2 Reform-Oriented Staff Positions

In 2017, the Government implemented a pilot project on attracting reform-minded individuals to the civil service. Its goal was to renew and strengthen the capacity of government authorities' personnel and significantly increase the effectiveness of their work on the preparation and implementation of key national reforms aimed at improving the living standards of the country's population, as well as the country's position in the world's competitiveness rankings.

Staff renewal and capacity strengthening of existing personnel of government authorities is carried out through the involvement of qualified and competent specialists in the civil service. To do this, the Ministries, and the Secretariat of the Cabinet of Ministers of Ukraine have introduced the so-called reform-oriented staff positions. These are

[53] https://nads.gov.ua/sites/default/files/imce/kerivni_dokumenty_.pdf.



➢ **Submission and verification of documents**

Documents can be submitted online to career.gov.ua, or by post or in person. Their verification is completed no later than three days after submission.

➢ **Testing of analytical abilities**

Testing is intended to test candidates' ability to work with information, to evaluate abstract ideas, numerical data or verbal reasoning,[54] depending on the requirements of each vacancy.

➢ **Situational tasks**

Provision of solutions for situational problems allows to determine the level of professional competence a candidate possesses.

➢ **Knowledge test of legislation of Ukraine**

The list of questions testing the knowledge of legislation is approved by the NAUCS and is available for preparation on the NAUCS website.

➢ **Interview**

Candidates who obtain the highest ratings are subject to an interview.

➢ **Determination of the tenders winners**

The results of the tender are published no later than 45 days from the date of publication of a vacancy.

Fig. 15.9 Stages of the tender process for filling reform specialists positions

civil service positions, of the "A", "B", and "C" categories, whose main responsibility is to contribute to the preparation and implementation of key national reforms. Such positions enjoy special remuneration packages, in contract with the remuneration for the rest of the civil service (Fig. 15.9).

In order to facilitate access of Ukrainian citizens to apply for civil service positions, a dedicated web portal has been created to advertise civil service vacancies.[54,55] The newly created vacancy portals provide for candidates to submit their applications and supporting documentation

[54] Verbal reasoning is and using concepts framed in words. It aims at evaluating ability to think constructively, rather than at simple fluency or recognition.

[55] Information on recruitment competitions is posted on the official website http://www.nads.gov.ua/ and on the web-portal for announcing civil service position vacancies https://career.gov.ua/.

online. The launch of the portals was accompanied by an active communication campaign aimed at finding and attracting professionals possessing international education and work experience both from the private sector and public organisations. The portal also provides information on the tests to be undertaken; and it serves as the platform for announcing the successful candidates of the subsequent recruitment competitions for civil service positions.

15.4.3 Reform of the Remuneration System for Civil Servants

Significant changes occurred in the model of remuneration on 1 January 2019.[56] Under the new system, the share of the salary part has increased to 70 per cent from 30 per cent previously. However, two mandatory allowances are retained: [i] for longevity of service (for motivation to stay in civil service); and [ii] rank-related (as evidence of career advancement).[57]

Conversely, the incentives part of the salary package—the remuneration that depends on a leader's will—cannot be more than 30 per cent of total compensation. However, incentives related payments will be replaced with fixed official salaries, by 2020, in order to provide equal pay conditions within a single salary group (grade).

According to the remuneration groups established by the draft Law, the minimum salary rate for a civil servant and the salary scheme for civil servants will be determined annually by the Cabinet of Ministers of Ukraine taking into account: [i] the state budgetary constraints; [ii] the jurisdiction of government authorities; and [iii] the compression ratio between salaries of the lowest and highest paid positions and groups.

15.4.4 Optimisation of the Number of Civil Servants in the System of Government Authorities

In 2016, NAUCS launched the Automated Data Collection Portal on Number of Civil Servants (KSDS) in order to ultimately define the

[56] According to paragraph 1, part 1, section XI "Final and Transitional Provisions" of the Law of Ukraine "On Civil Service".

[57] In 2017, the allowance for knowledge and use of a foreign language was abolished. Similarly, additional payments for a candidate holding a degree or a Ph.D. were also abolished; as well as those bonuses paid to honorary title holders, e.g. "Honoured".

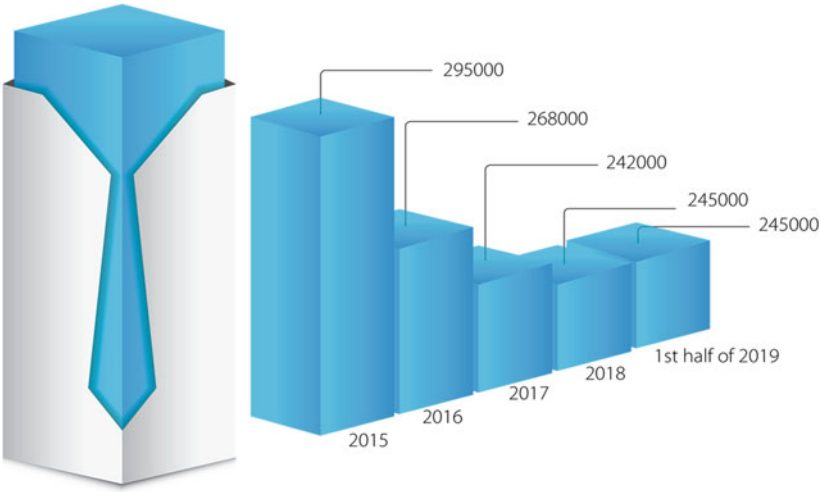


Fig. 15.10 Number of civil servants 2015–2019 (*Source* Author)

optimal number of personnel needed, considering the organisational structures of government authorities and their functions.[58]

This online data collection system—used in Ukraine for the first time—runs in real time and covers 898 government authorities (129 executive government authorities and 769 judicial authorities). A count of the actual number of civil servants is carried out quarterly through the KSDS system by means of receiving reports from government authorities in accordance with the reporting form of the KSDS "Report on the Quantitative Composition of Civil Servants" and the Instructions for its completion. The number of civil servants from 2015 to the 1st half of 2019 is shown in Fig. 15.10. The total number decreased by 16.9 per cent between 2015 and the 1st half of 2019.

15.4.5 Creation of an Integrated HRMIS for the Civil Service

In ensuring the effective management and control of human resources in the civil service and promoting transparency with respect to staff costs,

[58] http://ksds.nads.gov.ua.

the Concept for Implementation of the Human Resources Management Information System in Government Authorities and the Action Plan for its implementation were developed. The latter defines the main directions, mechanisms and timing of the implementation of a Human Resources Management Information System (HRMIS) in government authorities. The information system modules will be developed on a phased basis and will include three modules: [i] civil servants' personal records (career progression, performance appraisal, competences, training, etc); [ii] salaries budget; and [iii] analytics.

15.4.6 Reform of the Professional Training System for Civil Servants

The Concept for "Reforming the System of Professional Training of Civil Servants, Heads of Local State Administrations, their First Deputies and Deputies, Local Self-Government Officials and Deputies of Local Councils" was approved, in 2017, by a Resolution of the Cabinet of Ministers of Ukraine.[59]

The main innovations of the Concept are:

- Recipients of advanced training for local self-government officials and local council members are determined by the associations of local self-government authorities and political parties that receive state financing;
- A new type of advanced training is introduced—training in accordance with the accredited programmes of licensed for the purpose educational services providers;
- Rationalisation of the procedures for training programmes' accreditation for advanced training and other educational activities and licensing of entities providing educational services and training.

The Concept also envisages new mechanisms for funding professional training. In particular:

- Allocation of at least 2 per cent of the annual budget for salaries for the training of civil servants;

[59] http://zakon.rada.gov.ua/laws/show/974-2017-%D1%80.

- Introduction of funding for the improvement of qualifications of local council members through the local government budgets;
- Commitment of political parties that receive public funding to direct a certain proportion of their funds for the professional training of deputies of local councils elected on their parties' ticket.

The Concept emphasises the need for consistency, continuity, and planning for the professional training of civil servants through the diversification of types and forms of advanced training for the various categories of civil servants. The guiding principles of the new system should be the quality of the new civil service system and of its human resources, as well as the formulation of a strategy that will ensure the establishment of a quality system for administrative services delivery.

The following should be included among the envisioned outcomes:

- Improving the quality of public services provision;
- Depoliticisation, stability and professionalism of the civil service, aimed at fulfilling their mandated tasks for the citizens and in the interests of the state;
- Involvement of talented and motivated citizens;
- Establishment of a civil service that is transparent and accountable to civil society;
- Building citizens' trust in government and state authorities, considered the most important outcome of successful reforms.

15.5 Unresolved Issues and Future Plans/Conclusions

The key to successful implementation of systemic socio-economic reforms, as well as for the creation of the necessary conditions for integration of Ukraine into the European Union system is the existence of a modern and effective public administration. An effective public administration system is not only one of the top contributing factors to increasing the country's competitiveness, but also a determinant of compliance with the EU membership eligibility criteria. This is because an effective public administration does not only affect the competitiveness of the country and its economic growth, but also the state's ability to develop and implement

effective public policies in all key areas of social life, in order to ensure the welfare and social protection of its citizens.

According to the results of the public administration assessment conducted by SIGMA in 2018, Ukraine has made significant progress in reforming certain domains of its public administration, i.e. introduction of important legislative changes in the provision of administrative services and the establishment of a network of centres for the provision of administrative services. Nowadays, one of the priority tasks is the approval of the law on the general administrative procedures, which would provide uniform guarantees of citizens' rights in their interaction with state authorities.

In this context, another priority of the reform is the introduction of a system of electronic interaction between government authorities through the use of electronic document management systems, in order to optimise the provision of electronic services.

The on-going public administration reform has changed the focus of the ministries' work on the production of regulations and management of policy formulation in the domains within their respective mandates. The next step should be the establishment of a rational and transparent system of the central government authorities that would clearly delineate the limits of their jurisdictional power and domains of responsibility, thus eliminating functional overlaps, as well as enhance their accountability. Moreover, the organisational structures of ministries and central executive authorities should also be optimised in the future, and highly skilled professionals should be recruited on a competitive basis for new posts that will inevitably be created.

Moreover, new legislation has been introduced that defines the general framework of the civil service and provides for a number of approaches aimed at further professionalisation of the civil service, i.e. increase the political neutrality of civil servants, establish the state secretary's institution and introduce new approaches to personnel management and a new culture in the civil service. The ministries have also begun work on the formation of "reform teams", which consist of highly skilled and competent government professionals capable of implementing reforms and supporting a high-quality process of policy formulation and analysis in priority sectors. The introduction of an integrated information management system for human resources in the civil service and further reform of the remuneration system for civil servants are the next steps in this direction: effectiveness of its activities.

The desired results of the reforms should be a public administration system that guarantees the proper implementation of political decisions and legal norms, it is transparent, predictable and client-oriented, aimed at sustainable economic growth and it facilitates entrepreneurship and investment.

For more than 20 years of Ukraine's independence, there have been numerous attempts to modernise the public administration system that have been defeated. Ukraine's public administration system does not meet the country's needs for implementation of comprehensive reforms in various areas of public policy and its European choice as well as the European good governance standards.

The reasons for the failures in the modernisation of public administration were:

- concerning strategic framework of public administration reform:
  - lack of strong political leadership and insufficient coordination of the public administration reform on the political level;
  - insufficient capacities of state authorities to carry out a comprehensive public administration reform;
  - insufficient capacity of the Cabinet of Ministers of Ukraine for strategic planning;
- concerning public policy development and coordination:
  - insufficient level of quality of public policy in different areas and regulations (evidence-based policy and legislative development, public participation, whole-of-government coherence);
  - lack of a system of medium-term budget planning connected with strategic policy planning;
- concerning civil service and human resources management:
  - shortage of highly competent staff in managerial and other civil service positions crucial for developing and implementing the national reforms and able to cope with the challenges of the reforms in different sectors;
  - high level of corruption in civil service which hinders effectiveness and efficiency of public administration;
  - gender misbalance;

  - insufficient level of human resources management in ministries and other central executive authorities and absence of an automated system for HRM;

- concerning accountability of central executive authorities:
  - lack of horizontal and vertical functional review in public administration;
  - lack of clarity about the mission (main purpose for which a central executive authority is established), unclear definition of areas of responsibility and tasks of ministries and other central executive authorities;
  - partial duplication;
  - inefficient organisation of activity of central executive authorities that are not steered and coordinated by respective ministers;

- concerning delivery of administrative services:
  - lack of clearly regulated basic principles and safeguards for protection of rights of citizens and legal persons in administrative procedure (absence of a law on administrative procedures);
  - need for further development of "administrative centres";
  - excessive administrative burden for citizens and legal entities;
  - low level of quality of operations of basic electronic data registers; absence of acceptable technical solution to ensure interoperability of the systems of state authorities, poor quality of electronic services for citizens and legal entities.

Nevertheless, the political and economic landscape of Ukraine dramatically changed in 2014. Despite the extremely difficult situation, Ukraine did not collapse. Instead, it embarked on an ambitious path of structural reforms.

An analysis of reforms realisation during 2014–2018 showed that reform progress is uneven. Obviously, the Government should step up efforts to accelerate the reforms' pace where they are going too slowly, to support the offensive impulse and to support reforms in other areas. However, Ukraine has reason to be proud of its achievements. In 2013, it was impossible to imagine that Ukraine could abandon gas imports, banks could no longer be toys in the hands of oligarchs, public procurement would no longer be a major source of corruption, local authorities

would be responsible for providing many public goods, police and business representatives will be friendly to each other and Ukrainians will be able to travel to the EU without visa.

An indicator of the effectiveness of reforms, that are going on now is the improvement of Ukraine's position in international ratings. These changes are still insignificant: according to indicators of the Global Competitiveness Index (2018), Ukraine ranks 110th out of 140 countries (was in 130th position) on public institutions, 49th on budget transparency, and 82nd on burden of public regulation. In the World Bank's Doing Business Index, Ukraine holds better positions: in 2018, Ukraine ranked 71st in general, having moved from 70th place in 2015 to 56th place in 2018 on starting a business.

Of course, the country's modernisation is not complete. There is considerable scope for improving the judicial and law enforcement systems, health care, education, the civil service and other areas. The EU-Ukraine Association Agreement can be used as a roadmap for reform. However, some of the institutional building blocks, needed to create a democratic, mature and prosperous society, have already been established, so we remain optimistic that Ukraine is successfully implementing the rest of the reform agenda and becoming a successful country.

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CHAPTER 16

Uzbekistan: Long Awaited Transformation of Civil Service—Paradigm Shift or Hot Air?

Aziza Umarova

16.1 Introduction

The Republic of Uzbekistan is situated in the central part of Central Asia. It covers an area of 447,400 km^2 and it has a population of 35 million—which, in fact, accounts for half of the region's population. The average age is 27 years and approximately 28 per cent of the population is under age fourteen. The urban population is about 50 per cent of the total. The country faces many challenges with respect to a widening gap in social and economic inclusion between the urban and rural population and a persistently high rate of unemployment.

Rich in natural gas resources, Uzbekistan is the third-largest gas producer in the region, behind Russia and Turkmenistan. In fact, the energy sector accounts for around 20 per cent of the gross domestic product (GDP) and 15 per cent of industrial output. Energy exports (predominantly gas) accounted for 17.3 per cent of total commodity

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exports in 2016.[1] Uzbekistan has the fourth-largest gold deposits in the world and is also rich in copper and uranium. According to the Central Bank of Uzbekistan, current gold reserves are estimated at USD 13.1 billion. At present, gold remains one of the major export items for Uzbekistan, most of which is exported to Switzerland.[2]

The collapse of the Soviet Union and the transition to a market economy in the country led to significant structural changes in income levels that resulted in an outflow of labour resources to Russia, Kazakhstan, United Arab Emirates and Korea.[3] According to the Agency on Foreign Migration, the number of Uzbek workers migrating abroad amounts up to 3 million people, which is equivalent to 20 per cent of the economically active population.[4] This is reflected in the volume of official remittances to Uzbekistan, which exceeded USD 7 billion in 2018.[5] However, taking into account the informal money flows into the country, remittances amounted to 15 per cent of the country's GDP, for the year 2018, approximately.

The Government in Uzbekistan has always been omnipresent and omnipotent. Approaches to reform adopted by government at different periods in time reflect the political ideology, orientation, policy direction and values, particularly in relation to the paternalistic role of the state, and its relationship with its citizenry. Although since independence, the systems of government and public administration have undergone some changes, decision-making continues to be highly centralised in the highest

[1] EU4Energy is a new energy programme funded by the European Union and focuses on the countries of the Eastern Partnership (EaP) and Central Asia: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. The programme started on 1 July 2016 and it run until 30 June 2021; https://www.eu4energy.iea.org.

[2] According to the Central Bank, Uzbekistan's official gold and foreign exchange reserves were USD 32.3 billion on 24 July 2020; https://tashkenttimes.uz/finances/5556-uzbekistan-s-official-gold-and-foreign-exchange-reserves-at-us-32-3-billion.

[3] International Organisation for Migration. 2018. Country Brief; https://www.iom.int/countries/uzbekistan.

[4] Economic Review Magazine (3 September 2019); https://review.uz/ru/post/chislo-trudoviyx-migrantov-iz-uzbekistana-sostavlyaet-26-millionov-chelovek.

[5] Tsereteli, Mamuka (April 2018); https://silkroadstudies.org/resources/pdf/SilkRoadPapers/2018-04-Tsereteli-Uzbekistan.pdf, https://www.ritmeurasia.org/news--2018-12-01--migranty-iz-uzbekistana-k-2021-godu-budut-otpravljat-bolshe-deneg-na-rodinu-39886.

echelons of power; the Cabinet of Ministers and the President's Administration. In practice, a dual decision-making structure exists on social, economic, trade, health, infrastructural and other crucial matters. It is exercised both by the President's Office and the Cabinet of Ministers, and regrettably, the Legislature's oversight of the Executive has not been strong.

Ministries and Agencies have limited autonomy and thus limited jurisdiction and capacity with respect to policymaking. The highly centralised public administration, policy coordination processes, and whole-of-government approaches are generally weak, and a considerable overlap of mandates exists between government bodies. Moreover, the inherited soviet style of dual subordination of local branches of line ministries and agencies still exists, both to their ministries and agencies and to the local *Hokim* (Governor). This situation creates inconsistency of the functions, objectives and overall goals at different government levels.

Before 2016, the country enjoyed relative macroeconomic stability, with an abundance of natural resources and a strong demographic potential for the development of the appropriately capable human capital. At the same time, overregulation, the existence of a large number of inefficiently managed state-owned enterprises, protectionism and a persistent distrust of unregulated foreign exchange markets were major and visible sources of weakness for the country's future development prospects. After 2016, the country initiated a process of rapid transformation, economic liberalisation, and regulatory reform, driven by a vision of advancing economic growth and a desire to attract foreign investors.

16.2 Political, Economic and Social Context

Uzbekistan historically relied heavily on a state-driven, import-substitution growth model from the early 1990s to 2016, with rather bleak outcomes for job creation and living standards. Political transformation began when Shavkat Mirziyoyev succeeded Islam Karimov as the President of the Republic in 2016. In 2017, Uzbekistan changed course. President Mirziyoyev showed a pro-active approach towards governance reforms, improved foreign relations in the region of Central Asia and initiated a raft of economic reforms, designed to strengthen the strategic positioning of the country.

The country was poised to accelerate foreign investment, taking advantage of its favourable macro factors, such as large foreign exchange

reserves, low government debt and youthful demographics. Among the most significant results so far have been the liberalisation of the foreign exchange market and currency depreciation, improvements in the quality of economic data, promotion of policies to increase private sector competitiveness, reduction of government involvement in the agricultural sector and deregulation related to the functioning of the economy, including the simplification of licensing required for doing business across many economic activities. In addition, practical steps have been taken to bring about greater openness in several economic sectors, stepping up the country's promotion efforts. As a result, Uzbekistan ranked 69th globally with a score of 69.9 out of 100 in The Doing Business Index 2020, having moved up from 76th place in 2018, and hence earning a spot among the world's top twenty most improved economies for ease of doing business.[6]

Furthermore, the Government has undertaken major steps towards discontinuing forced labour mobilisation in the cotton sector, diversifying agriculture to shift away from cotton and wheat production, introducing price adjustments and differentiation in energy and utility tariffs, and efforts to improve communication with citizens and access to information. These reforms have showed potential for enabling growth, employment and broad development. They earned praise across a wide spectrum of foreign media commentators. Emotional tonality of the headlines in international publications about the Uzbek reforms in the first two years after succession can be qualified as overwhelmingly positive.

Indeed, the country has embarked on a process of an unexpected and wide-ranging liberalisation of its mostly state-driven and essentially closed economy, as well as of a wholesale reform of its legal framework. For the first time, Uzbekistan obtained a sovereign credit rating (Fitch) that was «BB-» with a stable outlook. The Organisation for Economic Cooperation and Development (OECD) has also improved Uzbekistan's credit risk rating, moving the country from point 6 to point 5.[7] Improvement of Uzbekistan's position in the classification of the country credit risk significantly reduced the insurance premium for attracted loans under the guarantee of export-credit agencies. Improvements in the rankings

[6] https://www.doingbusiness.org/.

[7] Group of countries also rated with 5 points includes Kazakhstan, Azerbaijan, Brazil, Turkey, Serbia, and Vietnam.

were made possible due to many legislative changes. The country is also currently preparing to join the Global Competitiveness Index.

Another important aspect of the transformation is a notable increase in social cohesion. The late president Karimov was criticised for exercising tight control of the Uzbek society, and use of coercion and repression tactics and measures towards religious groups. The current president Mirziyoyev recalibrated the state's religious policies, and although official political narrative did not change, tactics have been shifting. The president visited mosques for congregational worship during the Friday midday prayer in Tashkent's "old city", speaking to ordinary people around him after the prayers were over. In addition, loudspeakers calling to prayer were again allowed to be used, after a long ban. Furthermore, beyond taking steps to encourage public expressions of religion, Mirziyoyev has announced the creation of several new institutions. This includes the Islamic Academy of Uzbekistan, as well as an Islamic Cultural Centre. Moreover, he has announced the creation of the *Imam Bukhari* International Scientific Research Centre, headquartered at the Imam Al-Bukhari Academy in Samarkand. Remarkably, this latter initiative will focus equally on religious and secular knowledge topics.

However, by the summer of 2018, events escalated rapidly. Enthusiasm around reforms also fanned the flames of religious zeal. Tensions were rising on how to peacefully reconcile the ideologies of the secular state and religion, as more and more citizens are not only counted as Muslim in the national statistical system, but they also practice Islam consistently. Control by the State gradually began tightening. The reasons for caution were obvious. In a state-led economy, the government announced the discontinuation of bread subsidies, and increased the tariffs for electricity, prices for petrol, etc.[8] This was part of the economic deregulation policies that entailed less subsidies, an integral component of market liberalisation. However, these policy decisions led to an ever-widening rich-poor gap and an increasing urban–rural divide. An attempt to alleviate such negative effects has been a massive distribution of cash, so-called "helicopter money", to the regions and for rural infrastructure rehabilitation programmes.[9] This initiative was seen by the government as *panacea*,

[8] Such subsidies were parochially linked to underpaid farming, thus the decision by itself is quite reasonable.

[9] Made available through loans from IFIs that have also contributed to increasing the foreign debt considerably.

without necessarily addressing the root causes of the socio-economic deprivation, nor taking the opportunity to launch revolutionary structural reforms.

Today, in the absence of a social protection agency and the lack of state-run social safety nets for the vulnerable, religion offers an informal self-help support group and a network of relationships. There is a correlation between social inclusion and "religious affiliation" that is seen by the population as its last resort "safety net". So, more and more often, people—especially small businesses, traders, and informal workers—would go to the Friday prayers together, to trust and lend money to each other—while the banking sector remains weak and unreformed—and of course expect financial support when facing hard times. Thus, religious networks are evolving into informal institutions contributing to social cohesion and solidarity. Moreover, the marginalised role of civil society exacerbates the problem.

Disparities in income and wealth create inequalities in human development. Urban-rural divide inequalities start before birth, and the gaps can increase over a person's life if they are not counteracted, creating self-perpetuating streams of privilege and disadvantage. Furthermore, quality of public services and their accessibility are deteriorating outside of the capital. It is apparent that there is a dire need to shift the role of the government from being the main allocator of resources to one of regulating markets, providing public goods and public services, and creating safety nets. However, the Government of Uzbekistan has yet to propose policies to redress inequalities within a framework that links the formation of capabilities with the broader context in which markets and governments function simultaneously.

The social and economic dimensions can be assessed through the lens of UNDP Human Development Index. In 1999 Uzbekistan ranked 108th, sandwiched between Libya and Turkmenistan.[10] However, the country witnessed a steady increase of 20 per cent between 2000 and 2019. Uzbekistan's overall HDI value increased from 0.596 to 0.710, as it made progress in each of the HDI component indicators. The full impact of this positive change is better understood, not by using statistics, but by facts such as that life expectancy at birth increased by five years,

[10] http://hdr.undp.org/en/2019-report.

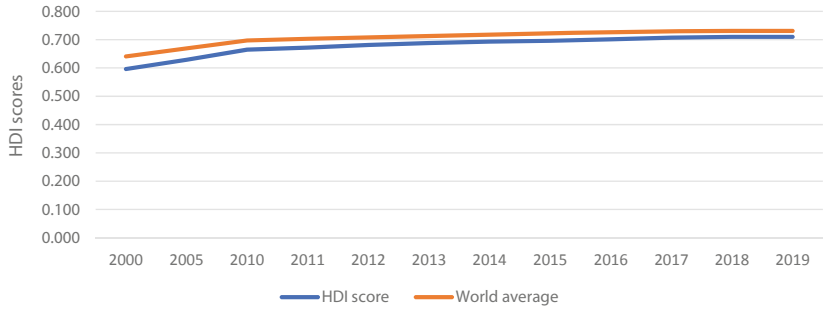


Fig. 16.1 Human development index (2000–2019) (*Source* http://hdr.undp.org/en/countries/profiles/UZB)

and the number of schooling years increased by 2.4 years, in the same period (Fig. 16.1).

Another global indicator worth looking at is the Fragile States Index (FSI). It is an indicator of the degree of stability in a country. Uzbekistan's perceived stability has been steadily improving for the past ten years, moving from the 36th most fragile country at the start of the decade to 74th at its end.[11] Accelerated growth is due to positive reforms that have taken place over the past few years. Uzbekistan has seen the largest improvement of any country on the FSI and is the only state to rank within the top sixteen most improved for each year, advancing by an average of approximately 2.4 points per year. Not surprisingly, the bulk of Uzbekistan's improvement happened more in the latter half of the decade starting from 2015 (Fig. 16.2).

Besides the impressive improvement in the overall FSI score of the country, it is also useful to look at the progress the country has made on some of the composite elements that the Index is a sum of. The overall index ranking is based on twelve indicators of state vulnerability, grouped by category: Cohesion, Economic, Political, Social. Table 16.1

[11] The Fragile States Index (FSI) score for a country is the sum of the values of twelve indicators, the following: [i] Security apparatus; [ii] Factionalised Elites; [iii] Group grievance; [iv] Economy; [v] Economic inequality; [vi] Human flight - brain drain; [vii] State legitimacy; [viii] Public services; [ix] Human rights; [x] Demographic pressures; [xi] Refugees and IDPs; and [xii] External interventions; https://fragilestatesindex.org/country-data/.

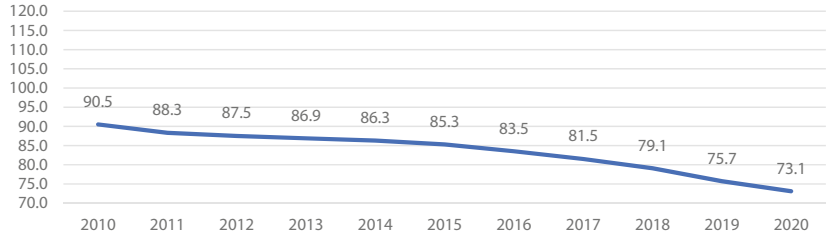


Fig. 16.2 Fragile states index scores—Uzbekistan (2010–2020) (*Source* https://fragilestatesindex.org/data/)

Table 16.1 FSI selective composite values—Uzbekistan (2010–2020)

Year	*Factionalised elites*	*Economic inequality*	*Human flight—brain drain*	*State legitimacy*	*Public services*
2010	9.0	8.5	6.6	8.5	6.4
2011	8.7	8.2	6.3	8.4	6.0
2012	8.7	7.9	6.0	8.7	5.7
2013	8.7	7.6	6.3	9.0	5.4
2014	8.8	7.3	6.6	9.3	5.4
2015	8.8	7.0	6.3	9.6	5.4
2016	8.8	7.1	6.0	9.7	5.1
2017	8.8	6.9	6.0	9.5	4.9
2018	8.8	6.7	5.8	9.5	4.7
2019	8.8	6.2	5.5	9.5	4.4
2020	8.8	5.9	5.2	9.4	4.1

Source https://fragilestatesindex.org/country-data/

presents the FSI composite scores for the five most relevant of the twelve factors: Factionalised elites, Economic Inequality, Human Flight-Brain Drain, Public Services and State Legitimacy. The FSI scores presented in Table 16.1 show that Uzbekistan has considerably improved its position over time in three out of the five key components, and slightly in one—factionalised elites—while the score for the state legitimacy one has actually deteriorated over the past ten years.

The factionalised elites indicator considers the fragmentation of state institutions along ethnic, class, clan or religious lines. The indicator measures power struggles, political competition and political transition.

Strikingly, Karimov's refusal to embrace potentially destabilising market reforms and his desire to preserve the assets under his control left independent Uzbekistan a Soviet-style autarkic economy with excessive state dominance and state enterprises with vested political and private interests.[12] In fact, the current economic system still does not offer a level playing field and remains discriminatory when it comes to competition between SMEs and state-owned enterprises (SOE). This is due to direct market-distorting subsidies, preferential market access, lenient regulatory enforcement and unreasonably low rates of return on the capital invested.[13] While the SOE sector has been the key driver of Uzbekistan's industrial development during the past decades, it has also left the door open to patronage and corruption linked to the quasi-governmental sector. In 2019, the country ranked 153rd out of the 180 countries assessed in the Transparency International Corruption Perceptions Index (CPI), scoring 25 on a scale of zero (highly corrupt) to 100 (highly clean).[14]

Importantly, the value of the Factionalised Elites indicator has not changed drastically over the past ten years despite the succession of the president.[15] That's because the core of Uzbekistan's political system has remained largely unchanged. Instead of struggling for the redistribution of resources, the new elite searched out for new opportunities and niches to occupy without competing with the old elite—the Karimov era politicians and those intricately connected to big state business. One of the ways to challenge power relations among elites would be the reduction of state involvement in the economy, through privatisation as one of the main tools for achieving this objective.

As part of a reform package, the Government announced its readiness to move on with massive privatisation of both SOEs and banks.[16] The

[12] https://www.adb.org/publications/state-owned-enterprises-uzbekistan-taking-stock-reform-priorities.

[13] Trushin, Eskender. 2019. *Uzbekistan—Toward a New Economy: Country Economic Update (English)*. Washington, DC: World Bank Group; http://documents.worldbank.org/curated/en/866501562572675697/Uzbekistan-Toward-a-New-Economy-Country-Economic-Update.

[14] https://www.transparency.org/en/countries/uzbekistan.

[15] https://fragilestatesindex.org/indicators/c2/.

[16] https://kun.uz/en/news/2020/05/28/uzbekistan-plans-to-privatize-14-thousand-state-assets-liquidate-711-enterprises; https://www.gazeta.uz/ru/2018/11/24/banks/.

state has slowly and cautiously started the process of separation of business and regulatory functions, unbundling of business lines and developing corporate governance in the energy and transport sectors, e.g. Uzbek Airways and Uzbekenergo. However, whatever the realpolitik of special interests, there is a tendency to retain state control, which comes into friction with the reform process. Another aspect is that privatisation of SOEs is a double-edged sword, as there is a risk that non-transparent privatisation of state assets will have broad significance for the political economy and can pose a potential risk of forming oligarchic economic structure in the process.

The Uneven Economic Development indicator measuring economic inequality considers inequality within the economy, irrespective of the actual performance of an economy. The Indicator value for Uzbekistan shows a modest reduction in structural inequality in the country. This is due to systemic reliance on the state to drive economic growth. *Growth* in the local *economy* remains below the pace required to adequately generate much-needed jobs. State-owned enterprises make up 55 per cent of GDP, paying 47 per cent of the country's tax revenue and yet they employ 6 per cent of the working population.[17] Eventual privatisation of non-strategic assets and a subsequent reduction of the SOE's dependence on public sector funding could mitigate market distortion and nurture the development of a middle class.

Inequality also stems from education. Restricted access to higher education in the 1990s–2000s led to a cycle of poverty—structural and reinforcing—and perpetuated the exodus of capable young generations and low-skilled labour migration from the rural areas. However, although opportunity is shaped, more than anything else, by education, higher education—in the context of a predominantly youthful Uzbekistan—did not become the driver of social mobility and rising equality by creating opportunities for societal groups to improve their economic status, through access to education and job training, and thus access to employment opportunities.

Conversely, Uzbekistan turned into a labour-migrating country. This is despite the fact that in Karimov's era Uzbekistan was among the first countries in the Central Asian region to welcome branches of

[17] Data of the Agency for State Assets Management, workshop on SOE re-structuring in March 2020.

international universities.[18] Rigid admission quota set annually by the government kept the level of enrolment at around 9 per cent and was among the lowest in the world.[19] However, in the aftermath of 2016, President Mirziyoyev launched a new policy on higher education that would give universities more autonomy to manage their own affairs through their governing bodies, as well as give universities greater control over student numbers and course offerings and be able to increase the number of public–private partnerships. In October 2019, the Higher Education Development Plan 2030 was approved and presented to the public with the clear goal to introduce private universities, aiming at a greater intake of students and liberalising the academic environment.[20]

The Human Flight and Brain Drain indicator considers the economic impact of human displacement and the consequences this may have on a country's development. Uzbekistan is facing a major challenge of job availability for a rapidly rising working-age population, which has increased by approximately 57 per cent in the past 20 years, from 14 million in 2000 to 22 million nowadays. Consequently, in the last two decades, the country has experienced significant emigration of its middle class, particularly those from economically productive segments of the population, such as medical doctors and entrepreneurs. It is clear that this displacement has had an economic impact on the labour market, as it suffered from the loss of productive and skilled professional labour leading to a human capital deficit in the country. Certain improvements in the score of this FSI component, in the last couple of years, may be attributed to the euphoria following political change and the fact that the President reached out to the Uzbek diasporas abroad calling for a return home of white-collar workers. Some did return.

The Public Services indicator refers to the presence of basic state functions that serve the people. There are gaps in infrastructure coverage

[18] Such as Westminster International University in Tashkent, Tashkent Branch of Management Development Institute of Singapore, Tashkent Branch of Inha University, Tashkent Branch of Moscow State University, Tashkent Branch of Russian University of Economics named after G. V. Plekhanov, Tashkent Branch of Turin Polytechnical University, Tashkent Branch of Russian State Institute of Oil and Gas named after Gubkin.

[19] https://www.worldbank.org/content/dam/Worldbank/document/eca/central-asia/Uzbekistan-Higher-Education-Report-2014-en.pdf.

[20] http://uza.uz/ru/documents/ob-utverzhdenii-kontseptsii-razvitiya-sistemy-vysshego-obraz-09-10-2019.

and quality in Uzbekistan, with significant regional variation. Only 26 per cent of rural households have access to a centralised water connection,[21] while only three per cent of connected rural households experience 24-hour a day access. Despite universal coverage of centralised electricity supply,[22] it is common for the population in rural regions to experience regular, extended electricity shortages and interruptions. Another feature of public infrastructure is the poor connectivity of tertiary road networks to secondary ones.[23]

While the rural versus urban divide remains strong, the Government has recently made an effort to develop rural infrastructure and increase access to quality basic infrastructure and services in targeted rural communities through an array of special programmes, e.g. "*Obod qishloq*" (prosperous village), "*Obod mahalla*" (prosperous community), implemented together with the international financial institutions and international development organisations. These social and economic opening initiatives have received widespread support from the population. Yet, demographic and infrastructural pressures are mounting. The Administration is under pressure to deliver results and improve the lives of Uzbek citizens, by widening access to energy, sanitation, clean water and connectivity.

While the four indicators presented above capture the country's performance improvement, the fifth one—State Legitimacy indicator—seems to have worsened. This component considers the representativeness and openness of government and its relationship with its citizenry. The indicator looks at the population's level of confidence in state institutions and processes. A number of fundamental reversals and shifts from the rule under the late President, Islam Karimov, have been notable. Among them are the cautious opening up of a free media space and relative liberalisation of freedom of expression, strides made to eradicate child labour and reduce forced adult labour in cotton fields, as well as an increase in salaries for police personnel, prosecutors and judges with the aim of combating corruption and attracting qualified personnel. However, although significant progress has been made with the introduction of such initiatives; at

[21] WHO/UNICEF Joint Monitoring Programme, Progress on Sanitation and Drinking Water—2013 Update.

[22] Access to electricity (percentage of population); http://data.worldbank.org/indicator/EG.ELC.ACCS.ZS/countries.

[23] Systematic Country Diagnostic for Uzbekistan. 2016. Washington, DC, World Bank; https://openknowledge.worldbank.org/handle/10986/24588. License: CC BY 3.0 IGO.

the same time, it ought to be acknowledged that these reforms should not be interpreted as being aimed at opening the political space substantially or at encouraging political competition, nor as a deep and fundamental shift in Uzbekistan's approach to controlling the state machinery. This is reflected in the score of the State Legitimacy indicator as it takes into account openness of government, in particular, openness of ruling elites to transparency, accountability and political representation. While Uzbekistan has made significant progress, especially in the last years, it still faces some crucial development challenges.

16.3 Public Administration Reform

In February 2017, in response to public pressure, Uzbekistan adopted a high-level document outlining its vision, the "2017–2021 National Development Strategy". The Strategy aspired to forge a common vision for comprehensive and accelerated path for reforms, covering state and social development, as well as modernisation of the country and economic liberalisation. This Document identified five priority areas for reform:

- Public administration reform;
- Judiciary reform, and strengthening the rule of law and parliamentary workings;
- Economic reform and liberalisation of markets, focusing on the modernisation of Uzbek agriculture and industry sectors towards greater competitiveness of their products and services;
- Social reform, aiming at increasing incomes and providing better jobs, also oriented on higher quality health care, education, and housing; and
- Security improvements, focusing on ensuring domestic stability and a balanced and constructive foreign policy with the ultimate goal of strengthening the independence and sovereignty of the state.

For the first time in Uzbekistan, a public administration reform path was articulated, prioritised as the first thematic thrust in the National Development Strategy. The government emphasised the political and institutional dimensions of the upcoming reforms, highlighted the role of an effective public service to guide the pathways to progress and coordinate implementation. It was an important signal. In September of the same year,

the President signed a Decree on administrative reform.[24] Reforms in the country are always driven by a highly centralised process, with the President issuing decrees and instructing ministries to execute them. The planned administrative reform initiatives are aimed at creating an effective and transparent state administration system that can provide reliable protection of citizens' rights and freedoms and increase Uzbekistan's competitiveness in the international arena. Specifically, it emphasised the need for:

- Improvement of the institutional, organisational and legal framework of the executive authorities' activities;
- Functional reviews, re-assignment of key responsibilities among ministries and other state organisations, and improvement of coordination and interaction processes;
- Further reduction of the Administration's influence on the economy and expansion of market economy mechanisms;
- Improvement of the mechanisms in the vertical management system of, and in the interaction among, executive authorities;
- Introduction of modern forms of strategic planning, innovation and introduction of information and communication technologies in the system of public administration; and
- Formation of an effective and professional civil service system and the introduction of mechanisms to tackle corruption effectively in the Administration.

It may be too early to seek validation of the impact of such initiatives, by carrying out research on administrative reform implementation. One can, however, discern some dominant trends and note the ways in which the focus and objectives of reforms have changed and developed in response to wider economic and social pressures in the aftermath of the 2016 leadership succession.[25] First of all, there existed certain disconnection between conceptual frameworks outlined in normative

[24] Presidential Decree № 5185 (08.09.2017) "Concept of Administrative Reform"; http://uza.uz/ru/documents/ob-utverzhdenii-kontseptsii-administrativnoy-reformy-v-respu-09-09-2017.

[25] Part of the framework of administrative reform was a Roadmap that was endorsed, and its planned activities were to be reviewed in more than 100 public and quasi-state sector institutions within extremely tight deadlines.

documents and their implementation. Furthermore, some reform efforts were abandoned at the early stages of implementation. This is because administration reform is always a political issue and it is influenced by the realities of bureaucratic politics and patterns of power struggles within the government and the administration.

Numerous attempts were underway to restructure ministries. For instance, the Ministry of Economy has been reorganised into the Ministry of Economy and Industry, and later into the Ministry for Economic Development and Poverty Reduction, and vested with wider powers.[26] Furthermore, the State Committee for Assistance to Privatised Enterprises and Development of Competition (SCC) was divided into three separate state bodies—the Agency for Public Assets Management, the Anti-Monopoly Committee and the Agency for Development of a Capital Market.[27] In addition, the National Agency for Project Management (NAPM) was initially established as a "delivery unit" for reform-making but later—in 2018—it lost its political clout and a number of its powers were quietly transferred to other state institutions.[28] To date, an excessively large government encompasses 24 Ministries, 9 State Committees, 5 Committees and 13 Agencies, including the State Committee on Forestry or Ministry of Construction.[29] Yet, the country still lacks an essential a government body responsible for coordination of social protection, social insurance, social assistance and social care. In sum, despite numerous horizontal reshuffling attempts, power relations remain untouched between line ministries and the Cabinet of Ministers and the President's Administration, *vis-à-vis* the rest of the state apparatus.

Legal and regulatory frameworks play a pivotal role in supporting government reform. In the past three years, over 2300 decrees, laws and by-laws have been enacted bringing fundamental changes in the legal framework of Uzbekistan. Many of them are related to the ease of doing business, protection of the rights of commercial interests, entrepreneurs, and property, transparency, and accountability. Nevertheless, the challenges in moving reforms forward laid bare two fundamental issues: certain populism and *short termism* faced in the implementation of various

[26] Decree of the President № UP-5621 (10.01.2019).

[27] Decree of the President № UP-5630 (14.01.2019).

[28] Decree of the President № UP-5624 (10.01.2019).

[29] https://www.gov.uz/ru/organizations/kind/admin.

strategies developed and adopted in Uzbekistan. Well-designed reforms face delays more and more, and they operate within tight deadlines and inadequate human resource capacity to execute. Foreign experts also carefully note reform fatigue.[30]

Another challenge is that the government continues to be burdened with a considerable amount of bureaucratic hurdles. This is even the case for the so-called "third sector"—civil society. Notably, institutions such as the National Centre for Human Rights (NCHR), or the Chamber of Commerce and Industry (CCI), while independent in name, are in reality, quasi-state structures with the heads appointed directly by the president and receiving their funding from the state budget. Employees of these GONGOs are also *de facto* civil servants.[31] In this context, two questions arise: is it feasible to first make government nimble and agile, streamline and privatise public services, sharpen focus on core functions and then embark on civil service reform? Is it also feasible to proceed with the civil service reform in the context of unfinished administrative reform?

In reforming the governance system, initially Mirziyoyev gave priority to delegating power to regional and district *hokims* to foster local economic development and promote investments leading to significant changes in the local government administration system. In the past three years, the delegation of specific responsibilities to the regional hokims has taken place, although tendencies for centralisation remain with the majority of, if not all, decisions taken in Tashkent and important policies and resources flowing top-down. The President also suggested allowing election of *hokims* through public vote while in contrast, the regional *hokims* continue to be appointed by the President and district *hokims* appointed, in turn, by the regional *hokims*. The regional and local elected bodies/councils have little influence over the *hokimyats* which represent the central authority. The President declared that from 2019, *hokims*—heads of executive branch at the level of regions, cities and districts—will no longer chair the locally elected bodies; however, this has been the case at least until June 2020. In fact, dual capacity of *hokims* hampers the checks and balances system at the local level, creating deadlock where *hokim*s are in charge of both the local government executive and of the

[30] https://www.reuters.com/article/us-uzbekistan-officials-fatigue/all-work-no-play-uzbek-officials-cant-keep-up-with-workaholic-in-chief-idUSKBN1WF135.

[31] Government-Organised Non-Governmental Organisations (GONGOs).

elected bodies that are meant to scrutinise their decisions, at the same time. In 2018, Transparency International stated that "legal and institutional reform is needed to ensure meaningful separation of powers and adequate public accountability of government bodies".[32]

16.4 Civil Service Reform

To date, by-laws covering fragmented aspects of civil service provide the legal framework for the civil service and no central authority has been entrusted with setting common standards across the civil service, monitor their application and manage and maintain a central personnel registry. Civil service remains political (not professional), and officials operate in a realm of politicised HRM, and politicised performance management. Furthermore, lack of clarity in performance evaluation and reporting lines has a negative influence on overall efficiency of the civil service, rendering public officials vulnerable to arbitrary removal.

The first draft of a civil service law was prepared in 1997. Now, after 23 years and several rounds of legal drafting, the civil service is still regulated by fragmented by-laws. In October 2019, a presidential decree stipulated the establishment of a central body authorised to deal with civil service-related matters—the Agency on Civil Service—and the adoption of the Law "On Civil Service".[33] However, implementation fell short. In general, although some significant progress towards the development of public administration in Uzbekistan has been made in the course of the last two to three years, it seems that civil service reform initiatives have been abandoned half-way. Despite the multitude of reforms fostered by the government, it also seems that civil service reform is not a high priority on the reform agenda.

Up until recently, Uzbekistan was bound by the Soviet legacy system with dual governance, politicised HRM and a Soviet type

[32] https://knowledgehub.transparency.org/helpdesk/overview-of-corruption-and-anti-corruption-uzbekistan.

[33] Presidential Decree № UP-5843 "About Measures for Further Enhancement of Personnel Policy and System of the Public Civil Service in the Republic of Uzbekistan" and PP-4472 respectively.

"*nomenklatura*",[34] a political class holding key administrative positions. This situation has resulted in the persistent occurrence of politicisation and political patronage. As a result, merit-based, fair and open competition for posts was not yet introduced, nor government organisations were obliged to ensure compliance that appointments to the civil service met with some unified requirements. Hence, a professional, impartial, and meritocratic civil service is not there yet. Furthermore, the *nomenklatura* proved to be not unitary, but also not monolithic. The initial years after the new president came into power are characterised by a balancing act between various unstable elite structures. A politicised human resource management system makes even more evident the hiring and dismissal from work of senior officials sometimes, as it is based on group interests, intra-elite conflicts rather than on KPI-based performance evaluations and on considering the real capacity needs of individuals appointed to various positions. Moreover, procedures and the paperwork required for the recruitment of civil servants are still very similar to those during the Soviet period, enabling experienced bureaucrats to engage in political manoeuvring among themselves.

As a result, candidates are still being assessed based on a standard form—the "*objektivka*"—rather than matching job descriptions, and qualifications and skills contained in their resumes (CV).[35] *Objektivkas* do not contain specific sections related to expertise, competencies, or professional achievements; nor do they involve formal tests or competency-based interviews. Moreover, for the *nomenklatura*—minister and deputy minister positions—anecdotal evidence suggests that mandatory recommendation letters are required from incumbent senior public officials, a practice that, in a way, shields employers from any potential risks and makes any entry into the civil service difficult for "misfits".

A low-hanging fruit was a gradual increase of the salaries of public sector employees, as well as playing with progressive "brain gain" pilots for recruiting younger generation individuals destined for leadership positions. While touring foreign capitals, President Mirziyoyev called for young Uzbekistanis abroad to come back and join the civil service. Two formal attempts were made to headhunt western-educated white-collar

[34] The term nomenklatura denotes the individuals who occupied influential posts in government and industry as Party appointees and they enjoyed a series of privileges that the rest of the population did not.

[35] It is a Soviet standard form for CV, developed and adopted in 1935.

Uzbekistani nationals working abroad. First, the non-profit platform "*Buyuk Kelaj*ak" (Great Future) was organised in 2018 and second a reunion of alumni of Karimov's "*Umid Fund*" ("Hope") that offered scholarships to 300 young Uzbeks for studying abroad.[36]

However, there is a need for a unified HRM system for the civil service, including a meritocratic and transparent system for recruitment and promotion, as the stand-alone initiatives, although they yield positive results, are taking place in a still-fragmented system and they do not necessarily fit together. This process should start with the adoption of a Law on Civil Service, as it will provide the framework for enshrining the basic principles of good governance, accountability, transparency and inclusiveness of public administration as a service provider for citizens. Once such a law is adopted, its operationalisation and practice could serve as a galvanising moment in launching the reforms for the modernisation of the public administration of Uzbekistan, exactly at the time when the new Agency for Civil Service supports this complex process in content and format, and it is increasing the depth of its reach through its target groups.

However, it is still critically important that corresponding organisational and institutional issues in Uzbekistan affecting the civil service are addressed. These include:

- Public service reform that would enshrine the principles of good governance;
- One government unit should be responsible for leading the process of improving the efficiency, effectiveness and development orientation of the public service as a whole;
- A performance framework should be developed in order to provide better services and install meritocracy;
- Establishment of strategic plans in all ministries and agencies;
- Launch of an organisational performance monitoring and evaluation system in all ministries and agencies;
- Subnational/local government and appropriate administrative arrangements for decentralisation;

[36] https://buyukkelajak.uz/about-buyuk-kelajak/.

- Introduction of job descriptions for all positions, which will also incorporate minimum qualifications, and training requirements for a specific job;
- Establishment of a compulsory performance evaluation methodology with a corresponding pay structure that recompenses staff for overtime sufficiently;
- Development of a decentralised budget by ministries and agencies for the purposes of staff development and training;
- Introduction of a system to promote information sharing between ministries and government agencies, particularly for sharing information and experience regarding good practices in management and administration.

Modernisation and reform of the public administration is continuous work in progress for any country, as it must constantly adjust to the changing social, economic and political conditions. Many challenges still lie ahead, with respect to enhancing institutional capacity of public administration. In this context, the new Agency for Civil Service should have a key role to play in shaping the vision and building a competency framework appropriate for civil servants to execute the vision of the reforms.

16.5 Challenges, Trajectories and Trends

Any administrative reform has a certain political dimension since any change or improvement requires a change of values. Uzbekistan after Karimov was striving for reforms. The new president, Mirziyoyev, created a new dynamic, both internally and in the region. Initially, there were visible signs of liberalisation of the previous authoritarian rule system, activation of Uzbekistan on the international stage and improvement of relations with neighbouring countries. In the meantime, certainly, the most important aspect of reforms was changing the power relationship between civilians and the National Security Service.

The outcome and effects of such initiatives will become clear only in the longer term. However, one thing is clear, the growing influence of Russia, as the country whose reform design has often been emulated in Uzbekistan, with the legacy of its good and negative experiences. Political succession in Uzbekistan has realigned Uzbekistan's trajectory and national interests towards Russia, with far-reaching regional ramifications.

In the context of ongoing reforms, there are several dimensions that should be prioritised.

Streamline governance structures and decision-making processes

Dual and centralised decision-making, as well as dual subordination of local government structures of line ministries/authorities, must be streamlined to increase effectiveness and efficiency of decentralised government. There is a need for functional reviews of the key ministries and municipalities to set the basis for their rationalisation and restructuring. This would allow clarity in their mandates, avoid duplication and enhance their efficiency.

Streamline regulatory framework for business

Another important area for reform remains the streamlining and simplification of regulatory framework for business, so that government bureaucrats are not heavily involved in decision-making. The Uzbek Government has been praised by the IFIs for implementing ambitious market-oriented economic reforms, such as the introduction of a unified exchange rate, the liberalisation of the foreign exchange market, and the initiation of price and trade liberalisation and—since January 2019—the introduction of significant cuts to tax rates for both firms and individuals. However, state capitalism—in obvious contrast to free market—remains an ideologically charged issue. At the end of the day, the Government should launch radical demonopolisation and deregulation measures of various sectors to increase competition and minimise conflicts of interest or the persistence of vested interests' networks.[37]

Incentivise and motivate the civil service in the effort to reduce corruption

An incentivised and motivated civil service can greatly improve overall government performance. The country has been widely affected by the lack of institutionalised and robust mechanisms for corruption prevention measures ranging from rotation in sensitive positions, assets disclosure, to the adoption of codes of civil service ethics dealing with issues such as conflicts of interest. By introducing modern legislation and plotting an institutional design, Uzbekistan could greatly enhance reforms, good governance and overall international positioning reflected in several

[37] According to data of the Anti-Monopoly Committee, at the end of 2019, 137 natural monopolies existed in Uzbekistan. In comparison to 2018, this number has decreased by a mere three.

governance quality rankings, e.g. CPI, Freedom House, Bertelsmann Transformation Index, WGIs, etc.

16.5.1 Covid-19

While the coronavirus surge has strained the healthcare system and has suppressed exports and remittances, the full scale of the pandemic's impact is not yet clear. The Government has been taking significant and appropriate measures to sustain its reform agenda and reduce the time required for the economy to recover from the slowdown. To reduce the effects of the coronavirus outbreak, the Government has raised USD 3.1 billion from international financial institutions in soft and long-term loans. The relevant resolution stipulates that USD 277.5 million will go to strengthening the healthcare system, USD 700 million to business and banking systems support, USD 1.7 billion to state budget support and USD 450 million to utilities and energy enterprises. However, the pandemic has significantly affected the existing social safety nets for members of vulnerable groups in Uzbekistan. The newly established Ministry for Family Support and Mahalla ("community" in Uzbek) has faced challenges in providing timely support and cash handouts for those affected by the crisis.

The World Bank together with local think tanks has launched the "Listening to the Citizens of Uzbekistan" platform to monitor social and economic impacts of the outbreak and to support government communications and social assistance responses. The study provides an up-to-date understanding of how abstract policies related to COVID-19 translate into impacts on the daily lives of people. According to the findings thus far, the number of people living in poverty has risen during the outbreak. The poverty rate rose to between 8.7 and 10 per cent following the outbreak, compared to pre-COVID estimates of 7.4 per cent—between 450,000 and 880,000 additional people in poverty. An estimated 3.8 million people have received some form of emergency support. Receiving assistance is strongly associated with lower income, indicating that programmes have been disproportionately beneficial to vulnerable households. A considerable number of people reported not being able to get medical care. Since the outbreak, about 6–8 per cent of respondents reported a member requiring medical treatment per month. Beginning in May and continuing in June 2020, about 16 per cent reported as being unsuccessful in obtaining treatment, though this estimate is based on a

small absolute number of cases. Households with income losses often report increased spending and are more concerned about the economic impact of the outbreak. About 53 per cent of respondents report significant changes in their spending. Increased spending is associated with income losses during the crisis, and those with lower income are more likely to report being "very concerned" about the economic impacts of the outbreak.[38]

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