

# Promoting Good Governance in the Western Balkans

Norwegian Support to Institution Building in Bosnia and Herzegovina, Macedonia and Serbia

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## Preface

At the request of the Norwegian Ministry of Foreign Affairs the Agency for Public Management and eGovernment has prepared this study on institution building/public administration reform in three Western Balkan countries – Bosnia and Herzegovina, Macedonia, and Serbia. The report discusses experience with institution building in Eastern and Southeastern Europe and identifies specific areas/topics that may be the object of Norwegian project cooperation in the three countries in question. Senior advisors Anne Kalleberg and Svein Eriksen have prepared the study.

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## Abbreviations and Acronyms

BiH	Bosnia and Herzegovina
CARDS	European Financing Programme for assisting the countries of the Western Balkans
CEE	Central and Eastern Europe
CEEC	Central and Eastern European Country
CoE	The Council of Europe
Difi	The Agency for Public Management and eGovernment
EEA	The European Economic Area
EI	European integration
HJC	(High) Judicial Council
IB	Institution building
IPA	Instrument for Pre-Accession Assistance
MFA	Ministry of Foreign Affairs
NPM	New Public Management
OI	Ombudsman institution
OSCE	Organization for Security and Co-operation in Europe
PA	Public administration
PAR	Public administration reform
Phare	Poland Hungary Aid for the Reconstruction of the Economy
SAA	Stability and Association Agreement
SAP	Stability and Association Process
SFRJ	Socijalistička Federativna Republika Jugoslavija, (the Socialist Federal Republic of Yugoslavia)
SIGMA	Support for Improvement in Government and Management - Sigma is a joint initiative of the European Union (EU) and the Organisation for Economic Cooperation and Development (OECD), principally financed by the EU.
SSR	Security sector reform
TA	Technical assistance
UNDP	United Nations Development Programme
WMD	Weapons of mass destruction





## Summary

### Chapter 1 Introduction

In this chapter the Difi project team

- presents and discusses the mandate of the current study
- defines a set of criteria which proposals eligible for Norwegian support should meet.

### Chapter 2 Institution building: the concept and its implications

In this chapter the Difi project team argues that

- institution building (IB) is the creation of governance capacities. It entails the dismantling and/or reformation of old institutions as well as the establishment of new ones. In particular IB aims at enhancing *i.a.* the regularity, professionalism, efficiency and effectiveness of the system of public administration. Efforts to enhance institutional capacities may focus on *horizontal* management systems and *vertical* systems for service/policy delivery
- despite the enormous difficulties encountered in attempts to (re)build institutions in previous communist countries, the experience of the CEECs suggests that it is fully possible, even on a large scale. The political transformations of the region, cutting across all sectors of society, occurring rapidly and without much violence or foreign occupation have been considered truly momentous. However, we cannot infer that this process is irreversible or that it can be easily replicated in Western Balkan states.
- after the collapse of the East Block it is increasingly realized that the instability stemming from weak states has serious security and economic repercussions for the international community. Several governments have argued that their countries now are threatened less by dominant and successful states than by failing ones. This assessment is shared by leading academics.

### Chapter 3 Institution building in the Western Balkans

In this chapter the Difi project team argues that

- the three countries under study have made progress, albeit uneven in public administration development during the past 15 years. They all rank behind CEECs in ratings of key variables such as governmental effectiveness, the rule of law, and control of corruption. The progress of reforms may seem to have become more sluggish or even stalled in the last few years.
- The current economic and financial crisis has hit the Western Balkan states particularly hard and has ambiguous consequences for the future of the civil service in these countries. On the one hand, it puts a further squeeze on public finances, which is a blow to civil service reformers. On the other hand, it is conceivable that a new role for the state in the economy will affect the

perception of the civil service by the public and by political actors so that the conditions for reform of the civil service will improve in the years to come.

- While the reform orientation/ reform effectiveness of Serbian and Macedonian governments appears to fluctuate between “relatively positive” and “relatively negative”, the political will and ability of BiH leaders are more clearly on the negative side. Thus, it may seem doubtful if foreign IB assistance may by itself contribute to creating a self-sustaining Bosnian state. While such support may ensure that administrative functions are performed as long as aid is provided, national capacity may not be increased on a permanent basis, and the country may be likely to revert to its former situation once the international community loses interest and pulls out of BiH.
- Though there is broad agreement that the prospect of EU membership is “the one glue that holds the Western Balkans on the path of reform” the current EU policies will not automatically have the same transformative effect on the Western Balkans as the pre-accession process had in the CEECs. There is a critical difference – that of weak states and protectorates – between previous rounds of EU enlargement and the current process of EU integration in the Western Balkans.
- The extent to which CEECs have profited from foreign aid has depended on the characteristics of domestic as well as external actors. Insufficient or dysfunctional political involvement as well as administrative bottlenecks in the recipient country have affected assistance programmes negatively.

#### Chapter 4 Norwegian assistance to institution building – general suggestions

In this chapter the Difi project team argues that

- advice on strategic priorities for Norwegian IB support must go beyond simply listing a series of separate project ideas. We define 4 broad priority areas for Norwegian assistance within which we recommend that individual projects be selected. Moreover, we discuss possible thematic pitfalls in project design and suggest four concerns or IB-perspectives that we believe should inform the development of concrete project proposals.
- stronger thematic concentration of IB-related assistance makes it easier for aid providers to develop in-depth knowledge, learn from experience and transfer knowledge across projects. In short, a more focused aid package may enhance professionalism in project development and implementation.
- broadly, the proposed target areas should be uniform for all three countries as BiH, Macedonia, and Serbia face similar types of problems and have similar systems/frameworks of PA.

The Difi project team recommends that

- Norwegian IB support be concentrated around the following issues (i) the rule of law, (ii) security sector reform, (iii) public administration reform, and (iii) regulatory frameworks for market economy
- in the area of the *rule of law* attention is given to *i.a.* issues relating to the management of the justice systems (*i.a.* to guarantee separation of powers), to ensuring regularity in the performance of government and administrative

- decisions (legality of the administration), and to establishing/further developing oversight mechanisms (guarantee of fundamental rights and freedoms and equality before the law)
- in the area of *security sector reform* attention is given to issues relating to *i.a.* strategic planning/policy making, accountability, and HRM of security institutions
  - in the area of *public administration reform* particular attention is given to efforts addressing *i.a.* challenges regarding (i) weak capacities for policy development and legal drafting, (ii) insufficient/inadequately implemented legal frameworks for administration and, (iii) lack of professionalism in the civil service
  - in the area of *regulatory mechanisms for the market economy* attention is given to issues regarding (i) the system of regulatory agencies, and (ii) capacity building in individual regulatory bodies
  - the Norwegian MFA takes care not to initiate or support projects that are based on approaches which do not fit in with the local administrative or legal context. Caution is especially warranted with regard to reform efforts aiming at modernising the public sector by applying organisational and operational principles from the private business sector (managerialism, contractualism etc.), which are likely to meet with institutional, cognitive and normative barriers in Western Balkan systems of government.
  - within the Norwegian IB portfolio priority be given to projects aiming at establishing essential administrative and legal regularity rather than introducing advanced and “modern” concepts of public management. Whenever project proposals including the latter type of approaches are considered, it should be ascertained whether necessary regularity has already been established, and if not, if the focus of the proposed project needs to be revised.
  - large-scale/long-term projects pay careful attention to and consider measures to address the interconnectedness of IB-topics:
    - a. Both IT- and capacity building projects (regarding e.g. training) should in principle support and be linked to or pay careful attention to other reform efforts such as implementation of new/revised legal frameworks, and working methods or establishment of new/transformed institutions. IT projects should not be implemented unless it has been established that procedures/documents targeted by the projects are of sufficient quality, and that the responsible institutions have or will have necessary resources to manage and update the IT systems in question,
    - b. projects aiming at preparing new legal frameworks should ascertain (i) the implementability of new regulations, *i.e.* administrative and economic consequences of the new regulations including flanking measures that are necessary to ensure sustainability, and (ii) how the project may possibly assist in (preparing) the practical implementation,
    - c. projects concerning new working methods should consider carefully (i) to what extent possible reforms necessitate review of legal frameworks and (ii) other issues related to implementability.

- projects devoted to particular institutions or individual governmental sectors pay careful attention to
  - a. the ways in which the performance of the targeted organizations are dependent on other governmental bodies and cross-cutting administrative regulations
  - b. the relevance and possibility of linking up with other on-going reform processes regarding for instance the general public administration.

# 1 Introduction

## 1.1 The mandate and organization of the report

Institution building (IB) and assistance to public administration reform (PAR) will be central to the Norwegian Western Balkan policy in the years to come. The Ministry of Foreign Affairs (MFA) has asked the Agency for Public Management and eGovernment (Difi) to identify specific problem areas that may be the object of Norwegian project cooperation with countries in the region, Serbia, Bosnia and Herzegovina (BiH), and Macedonia. The main goal of Difi's assignment is to prepare a draft "strategic report" or a "needs analysis". In November 2008 MFA endorsed the following mandate of the study:

- 1) A brief presentation of experience with institution building in Eastern and Southeastern Europe: Implications for Norwegian policies towards the Western Balkan states
- 2) For each of the three countries, a survey of: (i) status of the country's efforts at public administration reform, including international organizations' assessment of the extent of progress, (ii) Norwegian priorities / guidelines concerning assistance, (iii) the country's priorities for public administration reform in the next few years, (iv) requirements / recommendations for reforms as a result of international agreements, etc., (v) plans for international assistance to institution building in the coming years, and (vi) possibilities for Norwegian assistance to institution building
- 3) The most concrete recommendations on areas for Norwegian IB-support in a 3-year perspective.

Regarding the interpretation of the mandate, we want to emphasize:

Under item 2) we are required to make surveys of the recipient countries' priorities for public administration reform (2 iii), requirements / recommendations for reforms as a result of international agreements (2 iv), and plans for international assistance to institution building (2 v). It will take too long and not be particularly appropriate to give a separate discussion of each of these themes. Instead, we deal with them in relation to each of the priority areas defined in chapter 4 and the individual project ideas outlined for each of the countries.

Under item 3) we are asked to make concrete recommendations for areas of Norwegian IB support. Advice on strategic priorities for Norwegian IB support must go beyond simply listing a series of separate project ideas. Thus, we identify four main areas for Norwegian support and within each of these a series of key issues which in turn guide our selection of potential projects in each country. Furthermore, we describe a range of IB perspectives and considerations that we recommend govern the design of future IB projects.

Although we recommend a concentration on four main areas and the provision of a set of guidelines for project design, it is not in our mandate to assess how quickly or to what extent MFA's priorities should be changed. We have not reviewed the ongoing projects and the extent to which our recommendations may apply to these.

Only the general analyses and recommendations are included in the report itself. The detailed proposals regarding each of the countries in question are discussed in a separate annex. The report is organized as follows:

Chapter	Title	Content
1	Introduction	presents the mandate for and the analytical approach of the study
2	Institution building: the concept and its implications	introduces and defines the concept of institutional building and discusses the complexity and importance of this activity and how it affects the interests of the international community. The chapter addresses item 1) of the mandate
3	Institution building in the Western Balkans	discusses current PAR-related challenges across the Western Balkans and factors that influence reform. The chapter deals with items 1) and 2) of the mandate
4	Norwegian support-general suggestions	presents recommendations regarding choices of areas for support and IB-perspectives. The chapter answers items 2) and 3) of the mandate
	Annex	presents recommendations regarding project ideas for each of the three countries. The annex answers items 2) and 3) of the mandate

It is a widely accepted principle – repeatedly stated by *i.a.* Norwegian governments – that public administration reform should be evidence based. This standard should apply for support to institution building in other countries not least because of the complexity of the issues involved. Thus, we place emphasis on describing and analysing the local reform context and the experience gained with PAR up to now and on establishing the link between these general factors and concrete project ideas.

To be able to identify relevant areas of support we will chart the needs of each of the three countries, mainly on the basis of the most recent EU/SIGMA assessments.<sup>1</sup> There are strong reasons for relying on this type of documentation. The EU/SIGMA reports (i) provide the most systematic and comprehensive analyses currently available of candidates' and potential candidates' systems of public administration, (ii) are regularly updated, annually or biannually, (iii) are prepared by leading international experts, and (iv) guide the reform agenda and motivate reform-oriented actors of candidate and potential candidate countries. In addition, we will also consult *i.a.* CoE and OSCE studies covering areas that are not included in SIGMA assessments, concerning *i.a.* police and justice reform.

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<sup>1</sup> We will mainly use the most recent versions of two sets of documents – the SIGMA assessments and the Commission progress reports published on 5 November 2008. In addition to the SIGMA assessments our recommendations will also take into careful consideration the conclusions of a SIGMA paper devoted exclusively to public administration reform in the Western Balkans, see footnote 4.

The survey of available documentation enables us to broadly outline the accession-related reform agenda. From this catalogue of institutional challenges and on the basis of a set of criteria we will identify four groups of issues as priority areas for future Norwegian IB support. These strategic priorities will in turn guide our recommendations regarding concrete project ideas for the 2010-2012 period.

In addition to being based on the documents mentioned above, our recommendations are derived from interviews with Norwegian MFA officials/local staff managing the Norwegian aid package, representatives of domestic state authorities, SIGMA staff<sup>2</sup> and other international experts (mainly EU-Commission, OSCE, CoE, and UNDP).

The meetings with domestic authorities were prepared with assistance from the Norwegian embassies. We sent out lists of around 10 more or less identical questions well ahead of the interviews. The extent and quality of the information received varied somewhat from authority to authority and from country to country. Broadly speaking, we got the most extensive information in Serbia. Here the answers were supported by written material to a greater extent than in the other countries. The descriptions of potential project ideas are therefore a little more complex for Serbia than Macedonia and especially BiH.

## 1.2 The analytical approach

Our point of departure is an understanding that a key objective of Norwegian IB support is institutional development in the recipient countries. This assumption is not as self-evident as it may seem. It is well established that external assistance may serve a wide variety of purposes, linked for instance to the foreign or domestic policies of the donor country. The various purposes may be more or less in harmony and not all of them supportive of or relevant to public administration reform in beneficiary countries.<sup>3</sup> This study will justify its recommendations solely on the basis of their perceived effect on institutional improvement in the three countries under consideration.

There are a number of ways – relating to the use of Western leverage and the establishment of linkages to the West – in which external actors may influence institutional developments in transition countries. Although, it is outside our terms of reference to assess the full range of policy instruments which the Norwegian government may employ to promote public administration reform in Western Balkans states, we will emphasize the need to coordinate the use of diplomatic/political measures with the provision of IB-related aid. As discussed below, lack of progress in the region is to a significant extent related to political circumstances well outside the reach of classical IB support.

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<sup>2</sup> In addition to studying the SIGMA papers mentioned above, the Difi project team interviewed SIGMA Western Balkans experts in Paris 30 November 2008.

<sup>3</sup> See for instance Sobis and de Vries, "Pawns on a Chessboard: The role of donor organisations during the transition process" in David Coombes and Laszlo Vass (eds), *Restoring Professionalism and Accountability* (NISPAcee, Bratislava, 2007), 189-216.

The proposals eligible for Norwegian IB support should, in principle, satisfy the following criteria:

- The proposals should include significant IB elements, *i.e.* topics and focus areas discussed in section 2.1. and it should be sufficiently plausible so that the elements chosen are conducive to improved performance of the public institution(s) in question.
- IB must be seen to contribute to the overriding priorities of the countries of the region and in the current circumstances to the priorities of the international community. Current overriding priorities are: (i) consolidation of peace and security, (ii) resolution of outstanding issues in post-conflict settlements, and (iii) re-launching of economic growth.<sup>4</sup>
- The proposals should be included in – or at least be relevant to – the EU integration process and processes of accession to other international organizations, *i.a.* NATO and the Council of Europe. The perspective of membership in the EU is a mechanism that makes it possible for governments to push through extensive and often painful institutional reforms. Arguably, the broad popular and political support for EI ensures that the reform agenda remains stable across elections and changes of government.
- The proposals should be reflected in government programmes/strategies or otherwise enjoy sufficient leadership backing. EU – or other international relevance – does not automatically translate into active support. Particularly the EU agenda is large and all areas included cannot be addressed at the same time. To be relevant to reform, accession-related measures have to be prioritized and arranged in a sequence.
- The proposals should be in line with long-term goals for Norwegian support to the Western Balkans. According to the Norwegian MFA, “The overall objective of Norwegian assistance [...] is to promote peace, reconciliation, Rule of Law and democracy in the region. The main purpose of Norway’s project assistance to the countries in the Western Balkans is to continue supporting processes related to regional stabilisation and Euro-Atlantic integration.”<sup>5</sup>
- The Norwegian assistance should be more strategically oriented than previously. NMFA officials argue that currently the assistance is scattered among a relatively large number of small projects with limited internal coherence. Thus, the NMFA is “aiming at increased geographical and thematic concentration of Norwegian assistance. At the same time, Norway should contribute to increased coordination of international assistance, *i.e.* through closer cooperation with EU and the Nordic countries.”<sup>6</sup>
- There should be a minimum sufficient level of local capacities to manage and monitor assistance. If there are serious administrative problems or other

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<sup>4</sup> SIGMA Public Administration in the Balkans: Overview (2004) available at <http://www.sigmaxweb.org/dataoecd/45/2/34862245.pdf>.

<sup>5</sup> See document available at <http://www.norveska.ba/Norwegian+Government+Project+Assistance/Government+Fund+guidelines.htm>.

<sup>6</sup> *Ibid.*



bottlenecks, ways should be considered to neutralize these difficulties as far as possible before projects are implemented.

- There should be no risk of overlap or conflict with other externally-funded activities.

There are, however, a number of *caveats* to be attached to this list of criteria:

- Increasingly, donors are concentrating their support to Western Balkan countries on accession-related or accession-relevant IB processes. Most notably, the largest share of IPA funding is earmarked for transition assistance and IB. Thus, it may seem that the criterion of EU relevance may conflict with the condition that Norwegian support does not duplicate other donor assistance. However, due to particularities of the IPA mechanism (uncertainties regarding EU's actual use of funds, the required size of projects, and the considerable time gap between the conception and implementation of projects – two years or more) there is still substantial scope for bilateral assistance, as long as it can be provided with the necessary speed and flexibility. The current study will not exclude from consideration topics that are broadly included in proposals for IPA funding, provided that Norwegian funding can be targeted at clearly identified issues that are complementary to and not duplicating activities of the IPA project.
- Although we check to what extent project topics are included in domestic plans or strategies, it must be admitted that the actual significance of local priorities may be hard to determine. As we shall see, in all countries studied priority setting mechanisms across government are inadequate. There is a large number of government strategies, in some countries allegedly upwards of 30, designed according to different patterns, often without action plans included and clearly inconsistent in key areas and in need of updating. At least some of these documents are little else than wish lists from which governments and ministers more or less randomly may pick and choose which items to accept and which to ignore. Thus, government strategies/plans have to be interpreted and used with some caution.
- There are several ways in which IB-related aid may be made more strategic. The most radical method is to attempt to address comprehensively in large projects all major variables affecting the functioning of public bodies/the application of instruments of public policy. No matter how attractive this approach may seem on paper, it is not well suited to the *modus operandi* of recipient governments, not least their limited capacities for *i.a.* policy development and coordination which seriously reduce their ability to develop and implement large scale public administration reforms. If the recipient government is unable to behave strategically, it is also difficult for the international aid community to act in accordance with norms of holistic rationality. Thus, a more realistic approach to reform is the incremental method which, if sustained for long enough, also may bring about radical transformations. This said, a key message of our study regards the interrelatedness of various IB elements and the need to see them as parts of a coherent whole. We suggest strategic guidelines concerning the choice of IB- perspectives, and the choice of topical areas for support.

- In this report, it has not been possible to assess the reception capacity of possible beneficiary institutions. This issue will have to be addressed when concrete project proposals have been submitted.

## 2 Institution building: the concept and its implications

### 2.1 What do we understand by “institution building”?

Institution building is the creation of governance capacities. It entails the dismantling and/or reformation of old institutions as well as the establishment of new ones. In particular IB aims at enhancing *i.a.* the regularity, professionalism, efficiency and effectiveness of the system of public administration. Efforts to enhance institutional capacities may focus on *horizontal* management systems and *vertical* systems for service/policy delivery.

- *Horizontal* management systems condition how public services/policies are produced. They cut across all sectors of public administration and include arrangements for *i.a.* public procurement, policy making, law preparation, public finance management and administrative justice. Cross-cutting issues related to *e.g.* European integration and public administration reform, belong to this category.
- *The vertical* systems for service/policy delivery are the various substantive policy areas into which the work of government is divided, *e.g.* transport, defence, and culture.

Within these two broad areas of focus, efforts at IB may address various topics, mainly related to

- *the legal framework* of the public administration (defining *i.a.* the tasks and responsibilities of public administration authorities)
- *processes* of the public administration (the working methods of public administration authorities, the ways in which tasks are prepared, approved and implemented)
- *institutions* of the public administration (*e.g.* the system of public administration authorities and the establishment, organization and staffing of individual authorities)
- *the personnel* of the public administration (*e.g.* the recruitment, promotion and training of government officials)

Focus areas and topics may be combined in the way shown in table 1 indicating the scope of possible IB related issues.

**Table 1 Categories of IB related issues**

IB topics IB areas of focus	Legal framework	Processes	Institutions	Personnel
Horizontal systems	e.g. public procurement legislation	e.g. methods for managing public tenders	e.g. the organization and staffing of the State Public Procurement Agency	e.g. the training of employees working with public procurement in all public administration bodies
Vertical systems	e.g. road transport legislation	e.g. methods for contacting out road building projects	e.g. the organization and staffing of the State Road Agency	e.g. the training of employees of the Ministry of Transport and the State Road Agency

Generally, major challenges of the public administration have horizontal as well as vertical components. Horizontal principles relating to *i.a.* the transparency and reliability of the public service may be difficult to implement because of weaknesses in vertical administrative systems. By the same token weaknesses in vertical systems are often rooted outside the systems themselves. For instance inadequate transport planning and budgeting may be due to the lack of proper systems for planning and budgeting on the level of government, and thus be a problem of all ministries and not just the Ministry of Transport and Communications.

There may be different opinions on which IB topics and areas of focus should be given priority. Public administration reform (PAR) for European integration (EI) is primarily about vertical administrative capacities. The *acquis* on horizontal management systems is weak. However, the experience of EU candidate countries suggests that a one-sided emphasis on vertical administrative capacities will not create sustainable reform.<sup>7</sup> Therefore, horizontal and vertical perspectives should be better balanced.

Many externally funded projects focus on individual organizations - for instance in the area of EU integration - and intentionally or unintentionally create "island of excellence". However, most public services/functions are not produced by individual organizations. They are delivered by systems with many actors and types of components. Focusing on one element in the system may only marginally change the quality of services or the way in which they are delivered.

The perceived implementability of projects does not necessarily correlate positively with their prospective impact. Projects that are easy to put into operation, for instance because they focus on just one institution, may have limited effect while projects with the greatest potential to make an impact may be institutionally complex and difficult to manage. Thus, donors often face difficult trade-offs between relevance and manageability when deciding which projects they should fund.

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<sup>7</sup> See SIGMA, *op. cit.* footnote 4.

## 2.2 The importance and complexity of institution building

It turns out that one of the greatest mistakes of the early transition years across CEECs was underestimating the importance of a strong state in the consolidation of liberal democracy, and even equating the decrease of state power with the growth of democracy.<sup>8</sup> During the past decade there has been a growing recognition that robust public institutions are crucial preconditions for democracy, rule of law and the welfare and stability of societies:

- IB is inextricably linked to the development of democracy. Trust and participation in government are crucial, and these are based both on the effectiveness of government action and the transparency and fairness of government process. The absence of efficient state agencies, the underdeveloped capacity of the state to raise revenue, and the inability of the state to shape strategies for economic development all undermine democratization. State capacity has become more crucial than ever because of the range of technical and political changes states now face. States that are currently coping with the challenges of democratization are also dealing with *i.a.* the consequences of increasing economic independence, globalization, a relative loss of fiscal control and the growing authority of markets.<sup>9</sup>
- The relationship between the development of systems of public administration and the advance of modern capitalism has been long established. There are indications that when the quality of public administration is improved, income and investments grow. By the same token, poor institutions induce poverty traps. The income gap between rich and poor countries will increase if poor countries' institutions do not improve relative to their richer counterparts.<sup>10</sup> A relatively recent empirical study indicates that legal rational bureaucracies of the pattern described by the German sociologist Max Weber promote long-term economic growth.<sup>11</sup> Chart 1 below indicates that there is a relatively clear correlation between governance quality and economic reform across post-communist Europe.

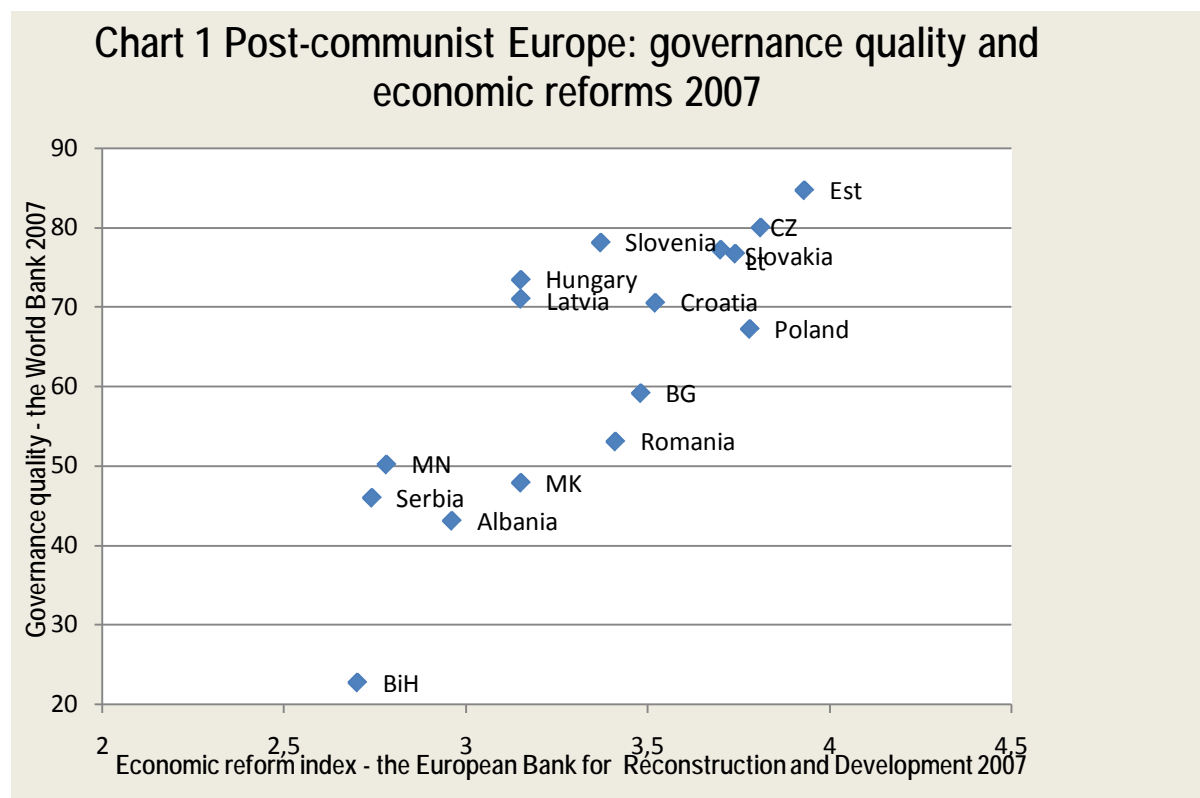
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<sup>8</sup> Grzegorz Ekiert, Jan Kubik, and Milada Anna Vachudova, "Democracy in the Post-Communist World: An Unending Quest", 21(1) *East European Politics and Societies* (2007), 7-30, 15.

<sup>9</sup> Jean Grugel, *Democratization. A critical introduction* (Palgrave, Houndsmills, 2002), 83 and 84.

<sup>10</sup> See for instance, Dani Rodrik and Arvind Subramanian, "The Primacy of Institutions - and what this does and does not mean", *Finance & Development* (2003), 31-34.

<sup>11</sup> James E. Rauch, and Peter B. Evans, "Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries", (75) *Journal of Public Economics* (2000), 49-71.



While IB may be hugely important, sustainable reform of public institutions is difficult to achieve, and promoting it through external support is particularly challenging:

- Sustainable IB takes long time. While new laws and organisations may be put in place swiftly, it may take years, even decades before the norms underlying these frameworks are understood and internalized by those acting within the new organisations and practicing the new laws.
- There is no blueprint. Technical assistance tends to be successful in sectors with clear goals, familiar techniques, measurable results and strong lobbies pressing for reforms of the administration.<sup>12</sup> These features are not easily replicable, particularly not in the area of general public administration.
- Foreign models may not be fully relevant. A post-communist country is not a *tabula rasa* or blank page that can be inscribed with foreign ideas. Such ideas will be ignored, interpreted or rejected in consequence of local conditions. For foreigners who do not speak the local language it may be difficult to fully grasp the informal, cultural determinants of organisational behaviour and thus to provide advice that is entirely adapted to the local context.
- Foreign advice may not be welcome. Since public administration reform affects the very identity of the state and goes to the root of power of those currently forming the government, the rulers may be reluctant to accept advice from foreigners in such a sensitive domain.
- There is no consensus on the content of the aid package. While the beneficiary may have one set of objectives – most often acquisition of

<sup>12</sup> The World Bank, *Capacity Building in Africa. An OED Evaluation of World Bank Support* (World Bank, Washington, DC, 2005).

equipment – the donor has another – technical assistance through advisors who provide expertise and training.

However, despite the enormous difficulties encountered in attempts to (re)build institutions in previous communist countries, the experience of the CEECs suggests that it is fully possible, even at a large scale. The political transformations of the region, cutting across all sectors of society, occurring fast, with little violence and without foreign occupation have been considered truly momentous.<sup>13</sup> According to Professor Janos Kornai, the most significant explanation for the rapidity of the transformation can be found in the external world, particularly in the use of foreign examples. From the operational forms of corporate management and banking systems to political institutions, there was hardly an area of social activity where foreign examples have not been followed.<sup>14</sup> However, he also adds, “It is easy enough to recognize the model, but it is a much more difficult task to learn how to use it, and to adapt it to the local conditions. If learning were not a difficult and contradictory process, then the realization of the bulk of the transformation would not have taken fifteen years to complete, and we would not need further cumbersome work to apply the model more effectively.”<sup>15</sup>

The evaluation of EU assistance to CEECs concluded along similar lines that, “On the whole, the results and impacts of [EU] support were rather mixed as reflected in the significant differences in the performance of sectors. [...] Nevertheless, given the scale and complexity of the pre-accession objectives and the constraints of the very limited implementation period, what has been done with [EU] support is indeed remarkable.”<sup>16</sup>

Although the institutional development across CEEC may have been momentous in the years leading up to EU membership, we cannot infer that this progress is irreversible or that it can be easily replicated in Western Balkan states. We will return to both questions below.

### **2.3 IB support and the interests of the international community**

Norway supports IB in a number of states in Europe and elsewhere. The support is given partly for altruistic reasons - because it is useful for the beneficiary countries – and partly for reasons of national self interest – because it is of political importance for Norway. The idea that IB support is linked to and may serve Norwegian interests has been gaining ground during the past couple of decades.<sup>17</sup>

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<sup>13</sup> Janos Kornai, “The Great Transformation of Central Eastern Europe: Success and Disappointment”, Presidential Address, delivered at the 14th World Congress of the International Economic Association in Marrakech, Morocco on 29 August, 2005, available at

[http://www.colbud.hu/fellows/kornai\\_publ/recent\\_paperthegreattransfIn\\_english.pdf](http://www.colbud.hu/fellows/kornai_publ/recent_paperthegreattransfIn_english.pdf).

<sup>14</sup> *Ibid.*

<sup>15</sup> *Ibid.* at 20, 21.

<sup>16</sup> “Support to Enlargement – What does Evaluation Show? Ex post Evaluation of Phare support allocated between 1999-2001 with a brief review of post 2001 allocation”, Consolidated Summary Report, European Commission Directorate-General Enlargement, July 2007, 1.

<sup>17</sup> Leiv Lunde og Henrik Thune *et al.*, *Norske interesser. Utenrikspolitik for en globalisert verden* (Oslo, Cappelen Damm 2008).

After the collapse of the East Block it is increasingly realized that the instability stemming from weak states has serious security and economic repercussions for the international community. Several governments have argued that their countries now are threatened less by dominant and successful states than by failing ones.<sup>18</sup> This assessment is shared by leading academics.<sup>19</sup>

Several newly independent republics of the former Soviet Union and Yugoslavia belong to the weak state category<sup>20</sup> and have joined the more traditional members of this group of countries in Africa, Latin America and Asia. In most of the 7 new states on the territory of ex-Yugoslavia the experience of independent statehood over the past century has been a precarious one, beset by external insecurity and internal weakness. During the Cold War internal conflicts within the weak states did not destabilize the international systems, partly because the two superpowers bolstered weak states within their camps and partly because communism froze national and minority problems, thus creating a false image of stability.

Today poorly performing countries of the Western Balkans are linked to a series of perils such as large-scale migration, terrorism, regional instability, and international crime that may spill over into other European countries and beyond.

Although the causes of these threats and the mechanisms of spillover are complex and may not be fully understood, it seems plausible that weak state capacities – often together with inadequate political will – are central to transnational dangers. Table 2 below summarizes the conclusions of a recent study analyzing the causal relationships between capacity and will on the one hand and various types of international hazards on the other.<sup>21</sup> Although the study has a wider scope than the Western Balkans it makes explicit references to threats emanating from this region.

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<sup>18</sup> See for instance The National Security Strategy of the United States of America (September 2002), 1, available at <http://www.whitehouse.gov/nsc/nss.html>.

<sup>19</sup> See for instance Francis Fukuyama, *State-Building: Governance and World Order in the 21st Century* (Ithaca, N.Y.: Cornell University Press, 2004), 92.

<sup>20</sup> During the 1991-2005 period 22 new states were established in Europe and on the territory of the previous Soviet Union, Valerie Bunce, "The National Idea: Imperial Legacies and Post-Communist Pathways in Eastern Europe", 19(3) *East European Politics and Societies* (2005), 406-442.

<sup>21</sup> Stewart Patrick, "Weak States and Global Threats: Facts or Fiction?" 29(2) *The Washington Quarterly*, (2006), 27-53, 47.



**Table 2 Tentative links between capacity/will and transnational threats**

Causal factor Threat	Capacity	Will
Terrorism		X
WMD proliferation		X
Small Arms Proliferation	x	
Crime	X	X
Disease	X	
Energy Insecurity	X	X
Regional Instability	x	X

The table seems to indicate that threats currently associated with Western Balkan states are related to governance weaknesses and that in consequence IB related support may assist in reducing these deficiencies and hence the threats emanating from the region. However, the table also suggests that the relative role of capacity versus will tends to vary, and that an exclusive emphasis on the former may be necessary but not sufficient to achieve crucial reforms. In order to influence the political will and priorities of Balkan governments, other policy instruments will have to be employed, for instance related to governments' vulnerability to external pressure.

Although integrating Western Balkan states into the EU and NATO may reduce some of the gravest hazards associated with low state capacity, the achievement of membership does not in itself put an end to the potential risks emanating from these countries or the preoccupation by foreign governments with the administrative capacities of Balkan states. This is particularly the case in relation to the EU integration process.

Since the EU is not a state the union has no apparatus of its own for the implementation of the *acquis*. EU laws are implemented by the public administrations of the member states. These administrations are required to put into practice EU directives and recommendations in such a way that European citizens are given the same rights and obligations, irrespective of the country in which they live.

Over the last couple of decades key responsibilities have increasingly been delegated to member states acting as agents of the Union at the national level and significantly increased the administrative implications and challenges of membership. The enlarged scope of EU activities has increased interconnections and interdependencies among member states; failure of one member country to enforce EU legislation will increasingly affect businesses, individuals, and governments of other member states. As party to the EEA- and Schengen-treaties this development involves Norway directly.

Although there is no *acquis* for public administration and no major implementation crisis has emerged in the EU, there is an increasing 'peer-pressure' among member states to ensure that joint decisions are properly implemented all across the Union. This preoccupation with the public governance of member states is reflected in Article 111-285 of the Constitutional Treaty of the EU adopted on 29 October 2004 (now article 176-D of the Lisbon Treaty), stipulating that national governance

structures are matters of common interest for all member states.<sup>22</sup> The attention to administrative capacity is particularly great as regards future member states – not least the states of the Western Balkans.

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<sup>22</sup> “Effective implementation of Union law by the Member States, which is essential for the proper functioning of the Union, shall be regarded as a matter of common interest.”

### 3 Institution building in the Western Balkans

#### 3.1 The Western Balkans–independent countries joined together

We are dealing with three separate, independent countries that are different in several respects, not least because of their pre 1918-history. Differences amongst and within the countries include *i.a.* religion, industrial development and administrative systems. In contrast to Macedonia and BiH Serbia has established administrative traditions that for long periods have influenced Yugoslav systems of government.<sup>23</sup> Whereas the BiH administrative system is so fragmented that – according to some students – it cannot be fully understood by conventional organization theory<sup>24</sup>, Serbia and Macedonia can rely on fairly coherent bureaucracies.

The countries are similar in that all of them have a common heritage of modern history, through their participation in the Kingdom of Serbs, Croats, and Slovenes/Yugoslavia from 1918 and then in the Socialist Federal Republic of Yugoslavia (SFRJ) after 1945. This heritage has left many traces in law, institutions and exposure to administrative concepts. The current systems of public administrations in all ex-Yugoslav states are extensions of the previous regional or republican systems – and not the federal system of SFRJ. While the latter was responsible for policy making the former systems were more charged with implementing policies outlined by federal institutions than with developing policies themselves. Almost two decades after the dissolution of Yugoslavia this heritage is still evident across the region.

#### 3.2 Current challenges

The three countries under study have made progress, albeit uneven, in public administration development during the past 15 years. They all rank behind CEECs in ratings of key variables such as governmental effectiveness, the rule of law, and control of corruption, see chart 2 below. Moreover, in the Western Balkans the progress of reforms regarding the state apparatus, the justice sector and public administration is significantly slower than developments in the areas of trade, energy and infrastructure<sup>25</sup> and may seem to have become more sluggish or even stalled in the last few years. After the war in Kosovo the divergence between the countries of the Western Balkans has increased.<sup>26</sup>

In general people in the Western Balkan countries are remote and alienated from domestic governmental institutions. Interest in current affairs is low and only a

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<sup>23</sup> The Kingdom of Serbs, Croats and Slovenes, established in 1918, relied mainly on the legislation of the Kingdom of Serbia prior to the adoption of the new constitution in 1921, which was in turn based on the liberal Serbian constitution of 1903. The new common state of the south Slavs was ruled by the Serbian Karadjordjevic dynasty. Serbian legal experts see the Kingdom of Serbs, Croats and Slovenes as a continuation of the previous Serbian state. See Ana S. Trbovic, *A Legal Geography of Yugoslavia's Disintegration* (Oxford University Press, New York, 2008), 69.

<sup>24</sup> Lorenzo Cecchi, "Administrative Capacity and Democratization: Bosnia-Herzegovina, Croatia and Serbia in the 21<sup>st</sup> Century", thesis, University of Florence 2007-2008, available at <http://www.tesionline.com/intl/thesis.jsp?id=25278>.

<sup>25</sup> Marie-Janine Calic, "Strategien zur Europäisierung des Westlichen Balkans. Der Stabilisierungs- und Assoziierungsprozeß auf dem Prüfstand", 53(1) *Südosteuropa* (2005), 1-37.

<sup>26</sup> *Ibid.*

minority feel represented by any party or politician. Kosovo and Montenegro are the only countries where a majority speak positively about their government's performance. In comparison, dissatisfaction is manifest in Bosnia and Herzegovina, where two thirds give a negative assessment. Trust in governmental institutions is low; the church and other religious organisations come on top in almost all of the countries.<sup>27</sup>

While formal institutions may be weak and distorted, informal ones are deeply entrenched. In few other regions of Europe is the gap between prescribed procedures and everyday practice so marked as in Southeast Europe. Regarding BiH a UN study observes, "[...] inefficient and ineffective formal institutions act as motive for individuals and businesses to invest in so-called 'informal' institutions in order to ensure that matters which are the responsibility of government are actually done [...]."<sup>28</sup> The same informal loyalties which help people carry on under difficult conditions are also those which promote smuggling operations, corrupt police, and keeping silent. While informal social mechanisms in the Balkans are the means which help society survive, they may prove noticeably resistant to efforts at modernisation and institution building.<sup>29</sup>

The current economic and financial crisis has hit Western Balkan states hard and has ambiguous consequences for the future of the civil service in these countries. On the one hand, it puts a further squeeze on public finances, which is a setback for civil service reformers, especially when taking into account the need for increased investment in civil service salary systems. On the other hand, it is conceivable that a new role for the state in the economy will affect the perception of the civil service by the public and by political actors. If a change in perception is accompanied by the recognition that the quality of the civil service can make a real difference in terms of both the efficiency and effectiveness of the public sector and the intervention of the state in the market, then it is also conceivable that the conditions for reform of the civil service will improve in the years to come.

### 3.3 Drivers of reform

Debates on the reform of the public administration in post-communist Europe tend to distinguish between domestic and external drivers of reform.<sup>30</sup> Key (but not all) domestic variables concern political leadership and administrative structure while processes of EU integration and technical assistance (TA) are forms of external involvement and influence that are of special interest. For the purpose of our study it is important to note that the two sets of variables – domestic and external – interact, *i.a.* in such a way that the former significantly influence the ability of recipient

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<sup>27</sup> Gallup Balkan Monitor 2008 Analytical Report

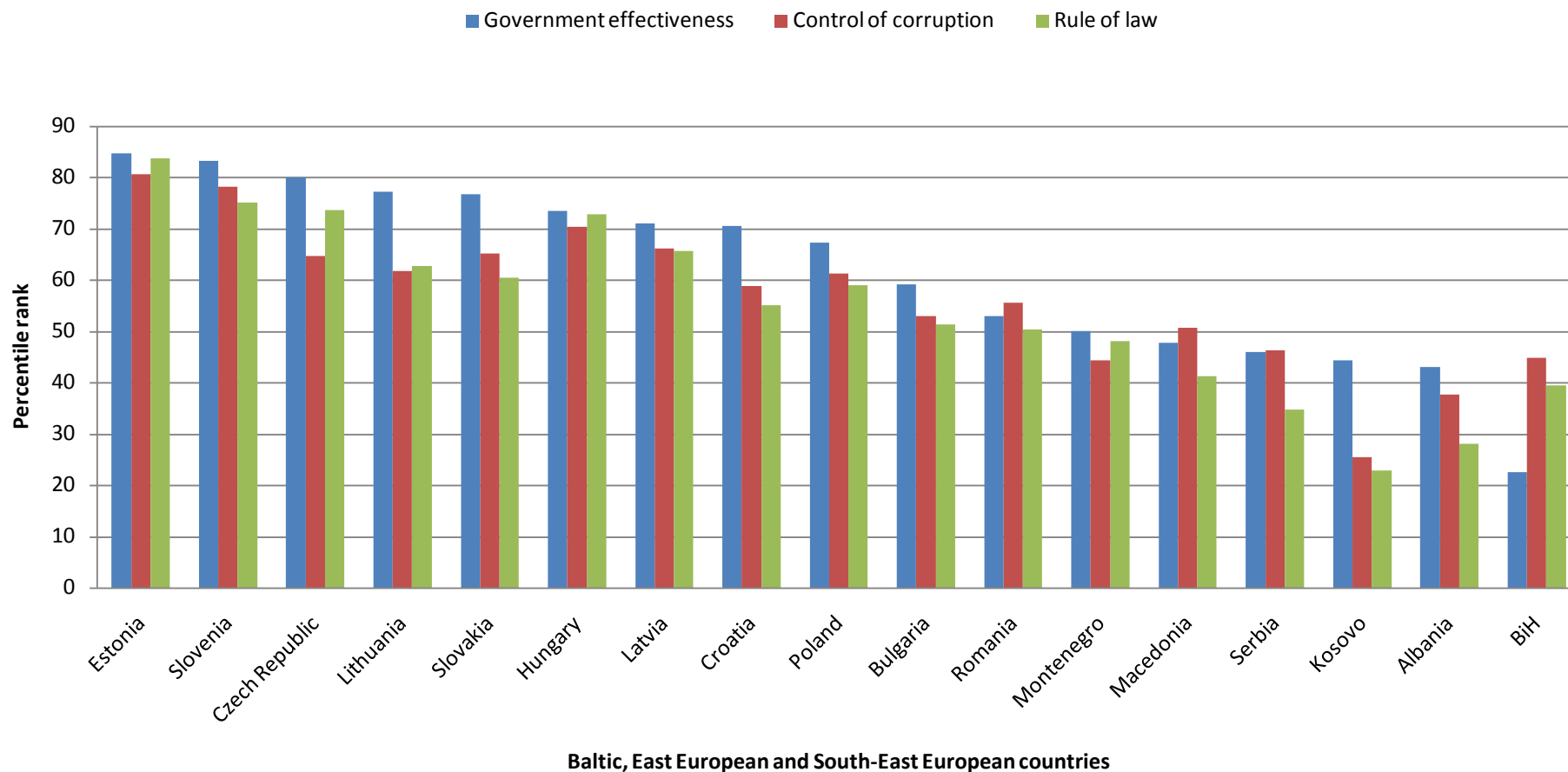
<sup>28</sup> UNDP, Bosnia and Herzegovina, "Early Warning System. Third Quarterly Report-September 2008", 32.

<sup>29</sup> Steven W. Sampson, "Weak States, Uncivil Societies and Thousands of NGOs: Western Democracy Export as Benevolent Colonialism in the Balkans", available at [http://www.anthrobase.com/Txt/S/Sampson\\_S\\_01.htm](http://www.anthrobase.com/Txt/S/Sampson_S_01.htm).

<sup>30</sup> SIGMA, "Sustainability of Civil Service Reforms in Central and Eastern Europe Five Years after EU Accession", *SIGMA paper no. 44*, May 2009, 78, available at [http://www.oilis.oecd.org/olis/2009doc.nsf/linkto/gov-sigma\(2009\)1](http://www.oilis.oecd.org/olis/2009doc.nsf/linkto/gov-sigma(2009)1).

countries to benefit from external assistance and honour international obligations. The absorption of IB-related aid may be particularly vulnerable to bottlenecks/lack of capacity in the public administration. Arguably, vulnerability increases as more complex issues of administrative reform are addressed.

### Chart 2 Governance indicators 2007



### 3.4 Domestic factors that influence reform

#### Political leadership

Political leadership is contingent on the commitment and vision of key decision-makers as well as the extent of democratic and stable power concentration.<sup>31</sup> In transition countries insufficient political demand for institutions or institutional development may be the single most important obstacle to public administration reform.<sup>32</sup>

During the 1990's elections in Western Balkan countries brought to power ex-communists or national populists, the majority of whom held up serious reforms for at least a decade and isolated their countries from European developments. Thus, governments in the region introduced transition reforms with a significant delay compared to post-communist CEECs.

SIGMA argues that irrespective of their ideological orientation the political elites of the Western Balkans are inclined to understand their jobs not as making policies but as producing symbolic change or mere gestures and distributing patronage; that many politicians do not understand and recognize the significance of the constitutional order, the rule of law, and the role of professional administration.<sup>33</sup> SIGMA also contends that the administrative reforms desired by the international community are often perceived as working against the personal interests of politicians and strengthening the role of the administration in relation to politics. Local ownership of reform is therefore often weak or lacking.<sup>34</sup>

A study of Serbian public administration reform argues that, generally, leadership has impacted negatively mainly because it has been fragmented, conflicting, distracted by other issues and not sufficiently dedicated to questions of public administration.<sup>35</sup> According to a recent study the politicization of decision-making processes across BiH has led to extreme ineffectiveness of the state institutions, and made them incapable of responding to the EU's demands and of meeting the conditions for further integration with Europe.<sup>36</sup> Similarly, the EU Commission has expressed fears that politically motivated dismissal of public officials in Macedonia has disrupted the functioning of the state apparatus.<sup>37</sup>

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<sup>31</sup> See for instance Yehezkel Dror, "Strategic Brain Center for Central Government" in Martin Potocek, *The Capacity to Govern in Central and Eastern Europe* (NISPAcee, Bratislava 2004).

<sup>32</sup> Fukuyama, *op.cit.* footnote 19.

<sup>33</sup> SIGMA, *op. cit.* footnote 4.

<sup>34</sup> *Ibid.*

<sup>35</sup> Statskonsult (Difi), *Unfinished Transition. Serbian Public Administration Reform 2001-2004* (Statskonsult, Oslo, Belgrade, 2005).

<sup>36</sup> UNDP, Bosnia and Herzegovina, "Early Warning System", *Third Quarterly Report* (September 2008), p. 21.

<sup>37</sup> The European Commission, "The Former Yugoslav Republic of Macedonia 2007 Progress Report" (2007), 9, available at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2007/nov/fyrom\\_progress\\_reports\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2007/nov/fyrom_progress_reports_en.pdf).

### Administrative capacities

To be conducive to change, an administrative structure must provide capabilities to design and implement reforms. In the countries of the Western Balkans, the institutional structure has had adverse effects on the reform process mainly because there are insufficient capacities for coordination, cooperation, communication and policy development. Apart perhaps from Serbia, public authorities suffer from a serious lack of qualified staff. Reform oriented ministers seem to have been overwhelmed by an inhospitable administrative structure and have become resigned to it. Apparently, the capacity of ministries/authorities responsible for managing the process of public administration reform has been restricted by limited strategic orientation, weak internal coordination, high turnover, and strong centralization of decision-making authority.<sup>38</sup> There are, however, cross-institutional variations. In some ministries, internal communication — and the atmosphere more generally — is significantly better than in others and more conducive to innovation.<sup>39</sup>

In addition to structural deficiencies there are conceptual impediments to reform. In the Balkans the concept of “policy-development” is not understood in the Western sense, but usually as the process of technically drafting legislation without prior analysis.

Nowhere in the region has the contribution of policy inputs from professionals been fully understood or accepted. This situation creates a vicious circle, where ministers do not ask for policy inputs from their professional staff, and so professional staff do not develop the capacities required to contribute to policy-making.<sup>40</sup> Moreover, in South Eastern Europe the discipline of public administration is not well developed. There are few domestic experts in the field and, arguably, no well-established professional vocabulary. Thus, the question has been asked, “How can one conduct administrative reform when there is not even a language for it – or when the language is only foreign?”<sup>41</sup>

### Leadership and capacity – policy implications

By distinguishing between political leadership and administrative capacity four categories of transition states may be differentiated: relatively good performers, states that are weak but willing, states that have the means but not the will and those with neither the will nor the way to fulfil the basic functions of statehood.

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<sup>38</sup> Statskonsult (Difi), *Functional Review of the Serbian Ministry of State Administration and Local Self Government* (Statskonsult, Oslo, 2006).

<sup>39</sup> Statskonsult, *op.cit.* footnote 35.

<sup>40</sup> SIGMA, *op.cit.* footnote 4, 10.

<sup>41</sup> Ronald Young, “Mercenaries, Missionaries or ... Consultants? Is Administrative Reform in Transition Countries a Business, Religion or ... Surgery?”, paper presented at the 14<sup>th</sup> Annual Conference of the NISPAcee, May 2006, Ljubljana, Slovenia.



**Table 3 Combination of political leadership and administrative capacities-groups of countries<sup>42</sup>**

	The political leadership relatively positive	The political leadership relatively negative
Relative high capacity	Relatively good performers	Unresponsive
Low capacity	Weak but willing (Macedonia, and Serbia under reform-oriented leadership)	Weak and not willing (BiH, Serbia and Macedonia under governments that do not fully recognize the importance of strong and professional state institutions)

Although tentative with regard to precise categorization, table 3 indicates that all the countries under study are characterized both by insufficient political leadership and limited administrative capacities. While the reform orientation/reform effectiveness of Serbian and Macedonian governments appears to fluctuate between “relatively positive” and “relatively negative”, the political will and ability of BiH leaders are more clearly on the negative side. According to this assessment BiH belongs to the group of weak and not willing states, while Serbia and Macedonia – depending on the policies of the governments in office - may oscillate between this category and that of weak but willing states.

Two observations may be drawn from this data. First, the prospects of locally driven administrative reform seem doubtful, especially in BiH, and to a lesser extent in Serbia and Macedonia. Second, external IB assistance may promote reform, but given the importance of country conditions this effect may be seriously circumscribed by the lack of commitment/ability of local leaders. Thus, it may seem doubtful if foreign IB assistance may by itself contribute to creating a self-sustaining Bosnian state. While such support may ensure that administrative functions are performed as long as aid is provided, indigenous capacity may not be increased on a permanent basis, and the country may be likely to revert to its former situation once the international community loses interest and pulls out of BiH.

### 3.5 External factors that influence reform

#### The role of EU

The EU accession requirements are increasingly considered the only viable options that can secure relatively swift and efficient processes of institutional rebuilding in societies lacking relevant experience and knowledge.<sup>43</sup> Largely, the effect of European integration is ascribed to EU’s emphasis on the need to

<sup>42</sup> The table and the categories are inspired by Patrick, *op.cit.*, footnote 21.

<sup>43</sup> See for instance, Robert Bideleux, and Ian Jeffries, *A History of Eastern Europe: Crisis and Change* (Routledge, London and New York 1998), Heather Grabbe, *The EU’s Transformative Power: Europeanization through Conditionality in Central and Eastern Europe* (Palgrave Macmillan, New York 2005), Geoffrey Pridham, *Designing Democracy. EU Enlargement and Regime Change in Post-Communist Europe* (Palgrave (Macmillan, New York 2005), and Milada Anna Vachudova, *Europe Undivided. Democracy, Leverage, and Integration After Communism* (Oxford University Press, Oxford, New York. 2005)

strengthen candidates' administrative capacities and the EU policy dualism of conditionality and socialization.

However, the EI process has also been criticized for being too detailed, bureaucratic, and patronising, with little regard for specific domestic conditions.<sup>44</sup> In the area of general civil service reform the credibility of EU conditionality has been low as it appears unlikely that a state will be refused or granted entry into the EU on the basis of administrative capacity requirements alone. The case of the Czech Republic is instructive, as the Czech Government postponed implementation of the Civil Service Act until after accession without having to fear any sanctions from the Commission.<sup>45</sup>

A recent study of the sustainability of civil service reforms in CEECs five years after EU accession argues that only a minority of the countries – Lithuania, Latvia and Estonia – have made progress since gaining membership in 2004. The remainder have suffered more or less serious reform reversals. While it is conceivable that EU driven pressure promoted reform in the run-up to accession, there is doubt about the EU role in promoting post-accession sustainability as EU pressure was largely discontinued on the day of accession.<sup>46</sup>

It is argued that the Stabilisation and Association Process (SAP) has been an efficient motor of reform in the Western Balkans, despite the fact that it is a weaker mechanism of integration than the European Agreements used in the recent eastward expansion.<sup>47</sup> All states of the Western Balkans have taken legal, institutional and administrative measures to promote EU-integration – though at a different pace – and the relationship between EU-integration and public administration reform is to some extent acknowledged.<sup>48</sup>

The present enlargement strategy of the EU Commission establishes a closer link than previously between reform progress and the pace of negotiations. The Commission explicitly states that, “The EU has taken steps to improve the quality of the enlargement process. Greater focus is now given at an early stage to the rule of law and good governance [...] including administrative and

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<sup>44</sup> See for instance Antoanetta Dimitrova, “Enlargement, institution-building and the EU’s administrative capacity requirement”, 25 (4)*West European Politics* (2002), 171-190, Anna Grzymala-Busse and Anna Innes, “Great expectations: the EU and domestic political competition in East Central Europe”, (17)1 *East European Politics and Societies*(2003), 64-73, and Kirts Raik, “EU accession of Central and Eastern European countries: democracy and integration as conflicting logics”, 18(4)*East European Politics and Societies*(2004), 567-594.

<sup>45</sup> SIGMA, *op. cit.* footnote 30, 79.

<sup>46</sup> SIGMA, *op. cit.* footnote 30.

<sup>47</sup> Marie-Janine Calic, “Strategien zur Europäisierung des Westlichen Balkans. Der Stabilisierungs- und Assoziierungsprozeß auf dem Prüfstand”, 53(1) *Südosteuropa* (2005), 1-37.

<sup>48</sup> Milena Mihajlovic, „Public Administration Reform and European Integration Processes: On the Same or Parallel Tracks? Comparative Study of Serbia and Montenegro”, unpublished manuscript, the College of Europe, the National Campus, the academic year 2004/2005.

judicial reforms”.<sup>49</sup> Thus, the appropriateness and efficiency of public institutions are likely to be main areas of negotiations with the six countries of the Western Balkans.<sup>50</sup> The EU change of attitude is likely to be felt on the ground as a much stricter monitoring of the conditionality attached to accession rather than any tightening of the conditions themselves. This has already been evident in the conditions attached to the accession of Bulgaria and Romania, both of which are being closely monitored after joining the Union and in the current negotiations with Croatia.<sup>51</sup> Regarding Macedonia, EU Commissioner Olli Rehn has delivered 8 benchmarks – of which at least 4 are directly IB-/PAR-related – that need to be met in order for EC to recommend start of accession negotiations.

Though there is broad agreement that the prospect of EU membership is “the one glue that holds the Western Balkans on the path of reform”<sup>52</sup> commentators point out that that the current EU policies will not automatically have the same transformative effect on the Western Balkans as the pre-accession process had in the CEECs.<sup>53</sup> There is a critical difference – that of weak states and protectorates – between previous rounds of EU enlargement and the current process of EU integration in the Western Balkans. A study on the relationship between EI and PAR in the Western Balkans argues that EU conditionality has not been sufficiently robust to promote consensus among policy makers on the need for PAR, and to ensure efficient implementation of reforms.<sup>54</sup>

Political developments in *i.a.* BiH cast increasing doubt on the actual effect of EU processes. After the signing of the SAA between BiH and EU a UN study observed, “The realization has slowly dawned that the local politicians in both Bosnia and Herzegovina and in Serbia (and many of the international counterparts) have considerable experience in making promises and signing well-intentioned agreements that they have no intention of honouring in practice and that, as a result, leaving the central problems unresolved (to be dealt with later) has resulted in precisely that — nothing has been resolved.”<sup>55</sup> In the same vein SIGMA experts argue that, one ne cannot help having the impression that some governments in the region think that the only rationale for change is accession and that some window dressing will suffice.<sup>56</sup>

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<sup>49</sup> The European Commission, “Enlargement Strategy and Main Challenges 2008-2009” (2008), 13, available at [http://ec.europa.eu/enlargement/pdf/press\\_corner/key\\_documents/reports\\_nov\\_2008/strategy\\_paper\\_incl\\_country\\_conclu\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key_documents/reports_nov_2008/strategy_paper_incl_country_conclu_en.pdf).

<sup>50</sup> SIGMA, “Enlargement of the European Union: An Analysis of the Negotiations for Countries of the Western Balkans” (SIGMA Paper 37 2007), 5, available at [http://www.oecd.org/olis/2007/doc.nsf/LinkTo/NT00000D56/\\$FILE/JT03224554.PDF](http://www.oecd.org/olis/2007/doc.nsf/LinkTo/NT00000D56/$FILE/JT03224554.PDF).

<sup>51</sup> *Ibid.*

<sup>52</sup> Lord Ashdown – the international community’s former High Representative of BiH – quoted in “EU Enlargement: the Western Balkans, House of Commons Library Research Paper 07/27 14 March 2007.

<sup>53</sup> Giuliano Amato *et al.*, “The Balkans in Europe’s Future”, 52(2) *SüdOst-Europa Zeitschrift für Gegenwartsforschung* (2005), 185-212.

<sup>54</sup> Cecchi, *op.cit.* footnote 24.

<sup>55</sup> UNDP, Bosnia and Herzegovina, “Early Warning System. Third Quarterly Report” (September 2008), 7.

<sup>56</sup> Francisco Cardona, “Integrating national administrations into the European administrative space”, paper, Conference on Public Administration Reform and European Integration, Budva

EU accession will be more difficult for latecomers now that a common currency has been established and more areas of public policy have been harmonized. Moreover, enlargement fatigue within the EU, the current economic recession and new foreign policy priorities may be pushing the Western Balkans into a less favourable strategic position. If the prospect of full membership is significantly delayed, there is a danger that the EU's allure for the Western Balkan states will diminish – and consequently the EU's leverage over these countries. In this case administrative and other kinds of reforms in the region would slow down, halt or even regress.

### Technical assistance

The extent to which foreign actors can successfully promote IB in weak or failed states is highly disputed both for principled and pragmatic reasons. While some analysts take a sceptical view of the IB approach in foreign policy,<sup>57</sup> others argue that this line of action is difficult, but fully possible, on condition that assistance is provided in the right way<sup>58</sup>.

The extent to which CEECs have profited from foreign aid has depended on characteristics of domestic as well as external actors. Insufficient or dysfunctional political involvement as well as administrative bottlenecks in the recipient country have affected assistance programmes negatively. There is no direct relationship between the volume of aid provided and the amount actually put to use or the results achieved. The effect of support programmes has been diminished by domestic patterns of decision-making and leadership. Generally, projects in the area of institution building have had weak strategic guidance and political support. The absence of overall strategies has led to a series of scattered projects rather than a comprehensive approach.<sup>59</sup>

There are indications that projects directly addressing the central level of government have performed deficiently while projects in institutions with some autonomy from this level have scored considerably better. This may be an indication that central government institutions are more prone to political volatility and risks than more independent bodies.<sup>60</sup>

The presence of a great number of external experts and NGO's within a single country may have hampered the transition process by generating problems of competition, overlap and inconsistency. In Macedonia and Kosovo, the number of EU institutions and lack of clarity about the division of labour between them

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Montenegro, 26-27 March 2009, available at <http://www.sigmaweb.org/dataoecd/27/16/42747690.pdf>.

<sup>57</sup> Fukuyama, *op.cit.* footnote 19.

<sup>58</sup> See for instance, Ashrfa Ghani og Clare Lockhart, *Fixing Failed States. A Framework for a Fractured World*", (Oxford University Press 2008).

<sup>59</sup> International Policy Services, "An Evaluation of Phare Public Administration Programmes. Final Report", March 1999, available at <http://ec.europa.eu/europeaid/evaluation/reports/cards/951465.pdf>.

<sup>60</sup> *Ibid.*

prevented coherent use of external funds and potentially jeopardized the impact of assistance.<sup>61</sup>

Summing up the experience with external support to public administration reform in Western Balkan states in 2004, SIGMA observed, “The region is invaded by donors with very varied interests, agendas and perspectives. They propel the legal/administrative system in different directions, generating fundamental inconsistencies. There are very limited national capacities to force project and substantive co-ordination, and donors are often able to circumvent co-ordination systems by building up clientelistic relations with counterpart institutions.”<sup>62</sup>

### SIGMA advice to domestic and external actors

In 2004 SIGMA published a paper on public administration in the Western Balkans analysing the progress of reform and offering guidance to local governments and foreign donors. Five years on SIGMA’s advice is still valid. SIGMA emphasizes that it is important to start from the observation that there are no “silver bullets” to solve the region’s problems. While reducing short-term risks, the international community has to adopt long-term, multi-faceted, regional strategies to promote a stable peace, prosperity and European values in future generations.<sup>63</sup> For the purpose of the present study the following recommendations seem particularly relevant:

- PAR must provide political incentives for change. PAR must support priority government policies if it is to have any hope of retaining some political backing. This implies that incentives in favour of and against PAR should be analysed in order to design effective PAR.
- Mobilize European integration to promote PAR. EI has two main advantages for PAR: it provides a strong motivation for reform, usually widely shared amongst political parties and interest groups, and it provides a well structured comprehensive and consistent agenda.
- Get administrative basics right first. The natural desire in the region to become “modern”, coupled with the influence of certain external donors, has created a tendency to move too fast in adopting some of the “New Public Management” (NPM) trends, such as performance pay, “modern” budgeting techniques, or wholesale “agencification”. Reforms along these lines may mean, in practice, greater openness to capture by special interests and weakened accountability chains.
- Tackle systems, not organizations. Many reform projects focus on organizations such as ministries of finance by relying on a sort of “enclave approach”, which has not proved successful in other regions or in substantive areas. In any event, it is a mistake to assume that it is possible to change the way in which for instance budgeting is done only by increasing the capacities of the budget department of the ministry of

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<sup>61</sup> Development Researchers’ Network Consortium, “Evaluation of the Assistance to the Balkan Countries Under CARDS Regulation 2666/2000”, Synthesis Report Volume I, Findings of the Evaluation (2004).

<sup>62</sup> SIGMA, *op.cit.* footnote 4, 9 and 10.

<sup>63</sup> SIGMA, *op.cit.* footnote 4, p. 5.

finance. Budgeting is an area where many actors – especially budget units in the ministries – must be competent to participate.

- Balance horizontal and vertical reforms. PAR for European integration is primarily about vertical (sectoral) administrative capacities. The *acquis* on general management (horizontal) systems is weak. The experience of EU candidate countries suggests that a focus on sectoral administrative capacities will not create sustainable reform. There are signs that countries' eagerness to pursue an accelerated EI agenda may be creating an unbalanced reform agenda.
- Upgrade policy capacities. Four tracks are needed: create strategic policy units at the centre of government and strengthen policy capacities in ministries (with priority given to the ministry of finance); introduce strictly enforced, substantive quality control and scheduling processes for the council of ministers; develop policy skills for incumbents and future entrants in university and training institutions, especially in law and economics.
- Address the governance system as a whole. Parliamentary and judicial capacities are vital links in the accountability chain, in the effectiveness and sustainability of democratic governance, and in reform of PA. Donors generally prefer to deal only with, and through, the executive branch, which creates difficulties for addressing other branches of the governance system. Where Justice and Parliaments are addressed it is often by counterpart bodies (e.g. interparliamentary support) or NGOs, and in the case of justice, it is more often the penal and commercial systems rather than administrative justice. This risks creating additional co-ordination and incompatibility problems. Donors should improve mechanisms to support all branches of governance.
- Recognize that PAR is a sociological process. The implications for the assistance process include the following: (a) Support should be designed around long-term processes and include a strong investment in the education system (schools to professional, especially legal training) (b) Support should be provided with greater certainty over longer time frames and should be adaptable to rapidly changing circumstances in the countries.
- Mix country-specific and regional approaches. The countries of the Balkans are densely interlinked, with numerous cross-border issues still outstanding. The pursuit of mutual learning and soft approaches, such as networking and building common institutions across countries, has an important strategic dimension. These approaches should be vigorously pursued.

We will carefully consider SIGMA's recommendations when developing concrete proposals for Norwegian support.

## **4 Norwegian IB support – general suggestions**

### **4.1 The need for thematic concentration and review of IB-perspectives**

Advice on strategic priorities for Norwegian IB support must go beyond simply listing a series of separate project ideas. In this chapter we define 4 broad priority areas for Norwegian assistance within which we recommend that individual projects be selected. Moreover, we discuss possible thematic pitfalls in project design and suggest 4 concerns or IB-perspectives that we believe should inform the development and implementation of concrete project proposals.

Stronger thematic concentration of IB-related assistance makes it easier for aid providers to develop in-depth knowledge, learn from experience and transfer knowledge across projects. In short, a more focused aid package may enhance professionalism in project development and implementation, and hopefully also the impact of Norwegian aid.

Broadly, the proposed target areas should be uniform for all three countries. As we have already suggested BiH, Macedonia, and Serbia face similar types of problems and have similar systems/frameworks of PA. Thus, there is a significant potential for cross-border learning, exchange of experience, and joint training. Moreover, several problems affecting governments and citizens of Western-Balkan countries are of a regional nature and call for joint action by all or several Western Balkan governments. Externally funded projects may facilitate international networking and cooperation across the region.

We suggest that IB support be concentrated around the following issues:

- the rule of law
- security sector reform
- public administration reform
- regulatory frameworks for market economy

Within each of these broad areas we identify more limited topics that may be the object of project collaboration. The proposals meet key criteria outlined above (p.7):

- They involve key IB-elements. Indeed, IB could be said to be the thematic core of these issues.
- They address the overriding priorities of the region: (i) consolidation of peace and security, (ii) resolution of outstanding issues in post-conflict settlements, and (iii) re-launching of economic growth.
- They concern issues that are central to processes of Euro-Atlantic integration, especially EU and NATO accession
- They are in line with long-term goals for Norwegian support to the region (peace, reconciliation, rule of law and democracy, regional stabilization, and Euro-Atlantic integration).

The criterion regarding domestic political support (see p.7) is probably the most difficult to meet. When dealing with the individual countries we shall see that it is fully possible to find government strategies/papers that prioritize concrete measures/project ideas concerning the issues outlined above. Nevertheless, as we have already elaborated in some depth the actual decision-making behaviour of political leaders across the region give reason to doubt the operative significance of several of their programme statements, however convincing they may seem on paper.

Governments and political parties tend to support institutions which are directly under their control. They may be less apt to take an interest in independent bodies with regulatory and watchdog functions, such as for instance ombudsman institutions (OI). Government leaders may even be suspected of not wishing these bodies to become particularly strong, as it is their duty to supervise *i.a.* the legality of decisions made by politically controlled institutions.

Establishment and consolidation of institutions with some extent of professional and decision-making independence are essential to realising the rule of law and the efficiency and effectiveness of regulatory frameworks for market economy. Thus, to some extent our recommendations on IB priorities may entail shifting assistance away from politically dependent to politically independent<sup>64</sup> institutions.

At least in the short run autonomous organs may be less vulnerable to political volatility and interventions than the central government apparatus and may guarantee a certain extent of professionalism and continuity. In spite of, or perhaps because of their independence several watchdog authorities seem to perform well under difficult conditions.<sup>65</sup> As we have already noted evaluations of Western support to institutional reform in CEECs indicate that projects addressing the centre of government – probably due to greater political instability – performed less well than projects concentrating on more autonomous bodies.<sup>66</sup> Because of their responsibilities for enforcing EU rules and their (prospective) *de facto* position as executive organs of the European Commission, independent regulatory agencies may to some extent seem to be shielded from<sup>67</sup> (dysfunctional) interventions by local politicians. However, this is less the case with autonomous bodies with more clearly domestic fields of responsibilities such as OIs, court administration bodies or public prosecutors. For all types of independent bodies – and indeed all public authorities generally – a lack of political attention and insufficient funding will ultimately undermine their performance and credibility.

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<sup>64</sup> The independence of such bodies does not mean that they are outside the law and exempt from judicial supervision or other forms of external scrutiny.

<sup>65</sup> The European Commission, Serbia 2008 Progress Report (2008), 11, available at [http://ec.europa.eu/enlargement/pdf/press\\_corner/key-documents/reports\\_nov\\_2008/serbia\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key-documents/reports_nov_2008/serbia_progress_report_en.pdf).

<sup>66</sup> International Policy Services, *op.cit.* footnote 59.

<sup>67</sup> Morten Egeberg (ed), *Multilevel Union Administration. The Transformation of Executive Politics in Europe* (Palgrave Macmillan Houndsmills 2006).



We argue that IB and PAR should be based on an understanding of the particularities of public sector reform as well as the reform context of the western Balkan countries. More specifically, we recommend that donors and local authorities

- be careful not to misinterpret or ignore the inherited PA system
- give first priority to establishing regularity in the civil service based on European standards
- bear in mind that IB-topics are interrelated and should be considered jointly
- take into account that the quality of public functions may depend more on administrative systems than on individual organizations

Although the essence of our recommendations is the need for projects to sufficiently reflect the complexity and interconnectedness of PA issues as well as the broadening nature of challenges facing modern governments, care should be taken not to make efforts unrealistically ambitious. Projects have to be adapted to the specific circumstances of individual countries, not least the practical difficulties related to limited personnel and other administrative capacity or deep societal divisions impeding needed consensus. These concerns should inject a reasoned pragmatism into project design.

## 4.2 Choice of areas for support

### The rule of law

A precise definition of the rule of law does not exist. Nevertheless, for a state to be called a “rule of law state” (or “*Rechtsstaat*”), certain basic elements must be in place. Among these are: (i) separation of powers, (ii) legality of the administration, and (iii) the guarantee of fundamental rights and freedoms and equality before the law.<sup>68</sup> The Serbian Constitution of 2006 subscribes explicitly to this comprehensive understanding of the “rule of law”.<sup>69</sup>

Issues related to the rule of law figure prominently in the EU accession process. The

“Copenhagen Criteria” require that a candidate country must achieve, among other things, stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. As can be seen from the annual progress reports, the Commission has long recognized that court reform has been lagging behind parliamentary efforts at the implementation of the *acquis communautaire* in all Western Balkan countries. The language concerning the need to increase and improve efforts in court reform has become

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<sup>68</sup> Stefanie Ricarda Roos, “The ‘Rule of Law’ as a Requirement for Accession to the European Union”, speech at International Symposium on Legal Contemporary Institutions within the Context of the European Integration of Romania, 26 October 2007, available at [http://www.kas.de/wf/doc/kas\\_12154-544-2-30.pdf](http://www.kas.de/wf/doc/kas_12154-544-2-30.pdf).

<sup>69</sup> In Article 3, the Serbian Constitution describes how “the rule of law” is to be put in practice. Article 3 reads “The rule of law shall be exercised through free and direct elections, constitutional guarantees of human and minority rights, separation of power, independent judiciary and observance of Constitution and Law by the authorities.”

more and more pressing. As we have already noted these concerns are also given high priority in Norwegian support to the Western Balkans.

While the attention of the international community to rule of law issues is strong, domestic political support remains precarious. For instance, across the region the party inclinations of judges play an important role in determining who will be appointed, and there are reports of political interference in the work of prosecutors and judges. Problems with the judiciary also include the low level of expertise among judges in *i.a.* issues related to EU integration, and a big backlog of cases. Sometimes parties wait for years to have their cases decided. One less often mentioned challenge is how judges themselves perceive their independence: independence is often seen as a privilege of judges, rather than as a privilege and right of citizens in a democratic state based on the “rule of law”.<sup>70</sup>

IB related measures are important to realize and safeguard the *Rechtstaat* elements mentioned above. We recommend that the Norwegian MFA give preference to issues relating to the management of the justice systems (*i.a.* to guarantee separation of powers), to ensuring regularity in the performance of government and administrative decisions (legality of the administration), and to establishing/further developing oversight mechanisms (guarantee of fundamental rights and freedoms and equality before the law).

In the annex we discuss concrete project proposals regarding

- strengthening of ombudsman institutions (OI)
- strengthening the offices of Commissioners for freedom of information and personal data protection
- strengthening of (High) Judicial Councils (HJC)
- development of legal frameworks and practices of administrative decision-making - BiH

*Ombudsman institutions* have been established in all three countries under study. This is a body established by a Government under the constitution, or by law, which can help citizens and especially poor and disadvantaged people obtain remedies that would otherwise remain inaccessible to them. Once fully established, the OIs may assume an important role in administrative and legal reforms in Western Balkan states. An independent and accountable OI will systematically identify weaknesses of the system of public administration, monitor the progress of reforms and put the issue of human rights and protection of citizens in the public spotlight.

*Offices of Commissioners for freedom of information and personal data protection* may provide several of the same positive effects as OIs; in particular they are vital to ensure transparency in the public administration and to prevent abuse of personal data.

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<sup>70</sup> Roos, *op. cit.* footnote 68.

Each of the three countries has set up (*High*) *Judicial Councils*. HJC's are mainly responsible *i.a.* for the administration and management of courts and the appointment and promotion of judges. Properly functioning HJC's are models of court administration that are recommended by CoE<sup>71</sup> and considered crucial to ensuring the independence of the judicial system/individual judges and the implementation of article 6 of the European Convention on Human Rights. Across the region both OIs and HJCs face critical challenges including how to make them operational, effective, and supported by high level public authorities.

*Legal frameworks and practices of administrative decision-making* must be aligned with European principles regarding (i) reliability and predictability (legal certainty), (ii) openness and transparency, (iii) accountability, and (iv) efficiency and effectiveness.<sup>72</sup> These principles are not simply ideas which governments "sell" to public servants. They must be embedded in institutions and administrative processes at all levels. Actors in the public sphere are legally obliged to comply with these principles, which must be defended by independent control bodies (*e.g.* audit), by systems of justice and judicial enforcement, by Parliamentary scrutiny and by ensuring opportunities for voice and redress to the "clients" of the public administration, namely, citizens and firms.<sup>73</sup> In all countries under study laws on administrative procedure suffer from clear deficiencies in particular with regard to legal certainty and transparency.

### Security sector reform

Security sector reform (SSR) is essentially aimed at the efficient and effective provision of state and human security within a framework of democratic governance. Reforming the security forces is particularly important in order to strengthen a culture of democratic rights. Failure to do so weakens democracy.<sup>74</sup> Basic instruments of SSR are defence reform and police reform.

Transformation of security institutions is a key component of Euro-Atlantic conditionality for countries in the Western Balkans. NATO has been the acknowledged leader in the implementation of SSR, primarily in defence reform, driven by its enlargement process. Over recent years the EU has judged SSR to be a priority area, reflected in SSR strategies advocating a holistic approach to security. EU has also driven police reform together with international actors such as OSCE and the Stability Pact for South Eastern Europe.

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<sup>71</sup> See Opinion no.10 (2007) of the Consultative Council of European Judges (CCJE) for the attention of the Committee of Ministers of the Council of Europe on the Council for the Judiciary at the service of society, Strasbourg 23 November 2007.

<sup>72</sup> Although there is no general EC legislation applicable in the domain of public administration, a relatively wide consensus can now be considered as part of the *acquis communautaire* and can be grouped into these four categories. See SIGMA, "Sustainable Institutions for European Union Membership", *SIGMA Papers: No. 26* (1998) available at <http://www.sigmaweb.org/dataoecd/20/11/36953545.pdf>

<sup>73</sup> SIGMA, *op.cit.* footnote 72, 10.

<sup>74</sup> Grugel, *op.cit.* footnote 9, 77.

Across the region SSR progress has been hampered by lack of political will and ability. In Serbia, the aftermaths of the events of 5 October 2000 suggest that the non-intervention of the police and the army in the regime change was bought with the promise of a ‘soft’ approach to military and police reform by the new government. The stated aims of post-Djindjic governments to de-politicize, de-centralize, de-militarize and de-criminalize the police have never been systematically developed in policy while reforms have tended to be developed by crises and necessities.<sup>75</sup>

As already indicated, SSR and especially the widely recommended holistic approach to SSR raise key governance and IB-concerns. Three such issues are topics of concrete project ideas described in the annex:

- strategic planning/policy making,
- accountability
- human resources management.

Because of the centrality of these issues and their linkages to more general concerns of public administration reform they might be recommended as priority areas of Norwegian support.

*Strategic planning and policy making* Almost needless to say, a strategic, carefully planned approach to SSR holds a number of advantages over ad hoc, piecemeal advances and greatly improves the chances of successful sustained advancement of security reform. NATO in particular has made integrated security and military strategies *de facto* membership requirements. As general indicators of security sector maturation, strategies also fit in with the focus of recent EU Presidencies on reform in this area.

A key issue is the need to balance breadth of participation with coherent guidance. To be robust enough, development of security policy/strategy requires consultation with all interested stakeholders, including the operational agencies under the remit of the Ministry of Defence, and other ministries and state bodies. Ministry staff, therefore, need to bring not just expertise in security-related issues but the skills necessary to effectively engage in and manage the various stages and elements of strategy/policy development. A key problem across the region has been lack of interagency cooperation. Even the highest level security strategy documents can still be the exclusive preserve of small teams within ministries of defence or Prime Ministerial or Presidential offices. It was even worse that in several countries security and military strategies were ghost-written by outside contractors.<sup>76</sup> These concerns guide

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<sup>75</sup> Alex G. W. Dowling, “Executive Summary”, in Anja H. Ebnother *et al.* *Security Sector Reform in South East Europe—from a Necessary Remedy to a Global Concept* (National Defence Academy and Bureau for Security Policy at the Austrian Ministry of Defence in co-operation with Geneva Centre for Democratic Control of Armed Forces and PfP Consortium of Defence Academies and Security Studies Institutes, Vienna 2007), 157-170, 165.

<sup>76</sup> Matthew Rhodes, “National and Security Sector Reform in Southeast Europe”, in Ebnother *et al.* *op.cit.*, note 75, 37-42, 39.

our assessment of projects regarding the development of a strategic defence review and decommissioning of redundant military personnel.

*Accountability* Arguably, there are few areas that could have a more significant impact on SSR than enhanced police and military accountability.<sup>77</sup> Regarding the police, five levels of accountability may be required, (i) internal oversight, (ii) external oversight, (iii) Parliamentary oversight, (iv) police/media policies, and (v) local police/community consultation.<sup>78</sup> Across the region accountability mechanisms remain weak or may be totally absent. For instance, members of Parliaments may lack expertise, interest and capacity in exercising effective oversight over security institutions. Lack of accountability may imply that the security institutions do not compete for resources with other government agencies, avoid transparency and are liable to become agents of abuse and repression themselves. These challenges motivate our suggestion for a project idea concerning police accountability.

*Human resources management.* Across the region HR provisions in statutes relating to the police and the armed forces are not fully or only marginally aligned with the general civil service legislation and European standards for the public administration<sup>79</sup>. Such discrepancies make it difficult to achieve the goal of fully democratic and professional security institutions. In projects regarding HRM in the police and the military a key objective should be to align legal frameworks and administrative practices with the basic administrative principles outlined above. This concern is reflected in a project idea regarding police HRM.

### Public administration reform

PAR regards horizontal management systems that are generic for the whole public administration (see section 2.1). As we have already indicated performance deficits of individual institutions are often rooted in weaknesses of horizontal administrative systems. Thus, a one-sided emphasis on separate public authorities or vertical systems of service delivery may give limited results.

The importance given to the day-to-day work of the public administration has increasingly gained importance as the assessment of reform possibilities and capacities of the private sector have shown that a major requirement for a sound

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<sup>77</sup> See for instance, *Police Reform in Serbia. Towards the Creation of a Modern and Accountable Police Force* (Law Enforcement Department OSCE Mission to Serbia and Montenegro 2004), 52.

<sup>78</sup> Council of Europe and OSCE, "Joint final report on police accountability in Serbia"(Strasbourg, 2002) 7.

<sup>79</sup> In consequence of the principles of administrative law laid down by the European Court of Justice, EC Member states – and states aspiring to achieve membership – are responsible for ensuring efficient, professional and impartial performance of the public administration. As SIGMA points out this is only possible when a set of conditions is in place, regarding (1) separation of politics and administration, (ii) merit base recruitment and promotion, (iii) rights/obligations/disciplinary measures (incompatibilities/conflicts of interest), (iv) salary schemes (clarity/transparency/predictability), (v) HR management systems (central capacity/homogeneous standards/accountability/judicial review).

market economy is a well functioning public administration which in turn largely depends on the quality of its staff.

The reform of the public administration in candidate countries has become one of the main EU accession requirements since the EU Summit in Copenhagen in 1993 and Madrid in 1995. The Copenhagen and Madrid criteria call for a professional civil service free of politicisation based on merit, and working according to acceptable standards of integrity.

Across the region key horizontal challenges regard

- weak capacities for policy development and legal drafting
- insufficient/inadequately implemented legal frameworks for administration
- lack of professionalism in the civil service

In the annex we have identified project ideas in relation to each of these challenges. Our recommendations have been guided by the following overall normative considerations:

*Policy capacities* However vital, reform of the policy system is sensitive because it deals with the roles of prime ministers, collective governments and ministers. Across the region it is often perceived (wrongly) as a transfer of power from political to professional levels of government. At the very least, the following measures are required: strengthening of units for policy and law preparation both at the centre and in ministries, with particular attention given to the ministry of finance. Two project ideas respond directly to this concern.

*Legal frameworks for administration* A minimum set of laws is shared by most countries in the region and includes laws on government, budget, financial control, civil service, administration (systematization), law-making, and general administrative procedures and processes. Generally these general laws have been adapted to EU standards regarding *i.a.* integrity in government and predictability in administrative action. By contrast, employees in the wider public sector – for example in education, the police, and the armed forces – are subject to separate legislation which is often not congruent with the general civil service acts or with European principles of administration. Special legal/administrative regimes should, as far as possible, be abolished, or if they need to be maintained, be checked to ensure that they promote European standards. We discuss three project ideas regarding harmonization/streamlining of PA legal frameworks.

*Professionalism of the civil service* Apart from the legal framework, reforms to promote professionalisation must address the overall HRM management function and main management systems. Equally important, all executive bodies covered by the civil service law should develop their own HRM functions, which should be networked by the centre. To achieve professionalism of the civil service there is a need for adequate training strategies and training. Within management systems, priority should be given to recruitment, pay and promotion, as well as to the legal regime governing

incompatibilities and conflict of interest. Several project ideas developed in the annex address these concerns.

### Regulatory frameworks for market economy

The complexity and dynamism of a market economy requires laws, rules and norms based on transparency and openness that encourage and facilitate economic interchange. It is, therefore, imperative that a regulatory framework is in place to stimulate participation in economic development and to effectively implement government policy.

The worldwide liberalization of economic markets, especially in the network industries (telecom, post, energy, railways and broadcasting), has been accompanied by changed roles for state regulatory authorities. Increasingly, it is argued that to be credible the state regulator has to be organized at arm's length from both political authorities and market operators, and that European countries need to adopt the U.S agency model.<sup>80</sup> In a growing number of cases the most obvious reason for setting up specialized regulatory mechanisms is linked to obligations resulting from countries being parties to international treaties.

As far as EU member states are concerned, a growing number of sectoral policy instruments – regulations and directives as well as jurisprudence of the European Court of Justice – implicitly or explicitly obliges governments to set up a regulatory authority of some kind. It is a recurrent criticism by the EU that regulatory frameworks for market economy do not function properly across the region. Regarding Macedonia one of the benchmarks delivered by EU Commissioner Olli Rehn (March 2008) obliges the Macedonian government to strengthen “[...] the common business environment by [...] strengthening the independence of the regulatory and supervisory bodies [...]”. Moreover, the EU influences developments *indirectly* through initiatives to liberalize economic markets and through the formation of transnational networks among national regulatory authorities.

As we have already noted – at least in some cases – regulatory agencies across the Western Balkans may seem to function relatively well under unfavourable conditions. However, it is sometimes argued that in CEECs and the Western Balkans the decision-making processes prior to the establishment of such bodies are flawed. Although this may also have been the case in Western Europe, the situation is probably particularly serious in post-communist Europe due to the extent and nature of the challenges their systems of public administration are already facing. The most prevalent issues that have been discussed pertain to the system of regulatory bodies, their independence, and accountability as well as arrangements for/ levels of staffing and funding.<sup>81</sup>

We propose projects regarding

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<sup>80</sup> Giandomenico Majone, *Regulating Europe*(Routledge, London 1996).

<sup>81</sup> Difi 2008, *Independent Public Agencies – Legal Frameworks and Institutional Challenges. A Survey of Public Agencies in 6 European Countries*, Difi Report (forthcoming).

- the system of regulatory agencies
- capacity building in individual regulatory bodies

*The system of regulatory agencies* Agencies were rarely, if ever, established within a systematic legal and conceptual framework. Agencification usually occurred as ‘a quick sectoral fix’ with only patchy mechanisms for ensuring accountability. Domestic decision-makers often copied, or were encouraged by foreign consultants or aid workers to copy the institutional solutions of other countries. However, because the foreign advisers did not consider the wider institutional context of foreign agencies – *i.e.* the factors that make them work properly in their domestic setting – the transfer of external models was often incomplete and inappropriate. For instance, arrangements to ensure financial control and accountability of agencies were often neglected.<sup>82</sup> In some cases the establishment of agencies has led to increased political and personal patronage – as appointments to management and board positions have served the party or personal interests of the nominating body.<sup>83</sup>

We propose a regional training project (as challenges are fairly uniform across the Western Balkan countries) dealing with issues indicated above with the aims of improving *i.a.* the clarity of the system of agencies, and strengthening mechanisms for accountability and transparency. The project will mainly be targeted at decision-makers responsible for preparing the establishment of regulatory bodies, for public administration reform and for management of general civil service/public administration legislation.

*Capacity building in individual regulatory bodies* The best of laws cannot be applied without adequate organizational resources, *i.e.* a staff of sufficient size with adequate technical, legal and economic competence. Across the Western Balkans there is abundant evidence that lack of sufficient capacity may lead to backlogs and under-enforcement of agency duties. It seems plausible to assume that the slower the decision-making process, the higher the likelihood of corruption.<sup>84</sup> Slow systems increase the incentives of private parties to offer bribes to decision-makers to speed up their case. Inadequate resources may also undermine the standing and reputation of a regulatory body, especially where it results in deficient enforcement efforts such as failing to win a large number of the cases brought before the courts.

In the annex we suggest projects to strengthen the capacity of various types of regulatory bodies in the areas of public procurement, market surveillance, energy, and competition .

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<sup>82</sup> Miroslav Beblavy, ‘Understanding the Waves of Agencification and Governance Problems They Have Raised in Central and Eastern European Countries’, 2(1) *OECD Journal on Budgeting* (2001), 121-138.

<sup>83</sup> Regarding Serbia, see for instance Vesna Pestic, “State Capture and Widespread Corruption in Serbia”, CEPS Working Document No. 262/March 2007, 22 and 24.

<sup>84</sup> See for instance, Stefan Voigt, When are judges likely to be corrupt?, in *Transparency Global Corruption Report 2007*,. 296-301, available at [http://www.transparency.org/publications/gcr/gcr\\_2007](http://www.transparency.org/publications/gcr/gcr_2007).



### 4.3 Choice of IB perspectives

#### Do not ignore the inherited PA system

Although after 1945 the Yugoslav system of government and public administration was modified to suit the needs of the communist party, key parts of this system – which survived the Tito regime – pre-date communism and are influenced by deep-seated European traditions. Yugoslavia is generally considered to have been an exception among ex-communist states in Central and Eastern Europe because it preserved key features of its pre-World War II system of public administration.<sup>85</sup> The notion of the civil service as an essential state institution remained unchanged after 1945.<sup>86</sup> In contrast to all ex-socialist countries the Yugoslav communist regime retained all former royal civil servants who were not openly anti-communist and who had not cooperated with the German occupants.<sup>87</sup>

The Yugoslav system of administrative law – and those of the Yugoslav successor states – are based on continental, mainly Austrian models<sup>88</sup>, which emphasizes that the exercise of state power is governed by a set of codified legal provisions and, consequently, that the public administration is a law-bound quasi-judicial activity.<sup>89</sup> The continental model of public administration differs clearly from that found in countries such as Norway and countries with Anglo-Saxon traditions where comparatively little of the routine work of civil servants is governed by law and where administration has been considered an “art learned in practice”.<sup>90</sup> The excessive legalism of *i.a.* the Serbian administration contrasts starkly with the extent of tolerance for discrepancies between written legal norms and actual decision-making practices found in the Norwegian<sup>91</sup> administrative system. Public servants and consultants who have been socialized into the informal, pragmatic ways of, for instance, the Norwegian or UK public administrations may have difficulties in understanding and seeing the usefulness of the strictly formal administrative systems of the Western Balkans.

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<sup>85</sup> Tony Verheijen and Aleksandra Rabrenovic, “Review of the Theory on Politico-Administrative Relations”, in Tony Verheijen (ed.), *Politico-Administrative Relations: Who Rules?* (NISPAcee, Bratislava, 2001), 10-25.

<sup>86</sup> Zeljko Sevic, “Politico-Administrative Relations in Yugoslavia”, in *ibid.*, 295-319.

<sup>87</sup> *Ibid.*

<sup>88</sup> For instance, the Yugoslav law of administrative procedure adopted in 1930 was modeled—in part, word for word—on the Austrian *Verwaltungsverfahrensgesetz* (Law on Administrative Procedure) of 1925. The establishment of Communist rule in Yugoslavia seemed to herald a period of legal discontinuity. In 1946 the new regime passed a law declaring that the principles of civil law in force before April 6, 1941 (the date of the German invasion of Yugoslavia) were no longer effective. However, in 1951 the Yugoslav Supreme Court ruled that the courts could not base their decisions on the presumption that pre-war legislation was no longer valid. This had to be resolved on a case-to-case basis. In wide areas where there had been no new codifications the ABGB (the Austrian Civil Code) was still valid. Key parts of the Yugoslav Civil Code adopted in 1960/1961 were direct translations of Austrian legislation as was the Yugoslav Law on Administrative Procedure which was (re)adopted in 1956.

<sup>89</sup> F. F. Ridley, “The New Public Management in Europe: Comparative Perspectives”, 11(1) *Public Policy and Administration* (1996), 16-29.

<sup>90</sup> Ridley, *op.cit.* footnote 89, 24.

<sup>91</sup> Johan P. Olsen, *Organized Democracy. Political Institutions in a Welfare State – the Case of Norway* (Universitetsforlaget, Oslo 1983), 43.

It is easier said than done to transfer directly legal/administrative patterns from one country to another. This may be especially true in the area of public law, which to a greater extent than private law is shaped by domestic administrative culture, constitutional policies and constitutional law.<sup>92</sup> Unsurprisingly, differences between Anglo-Saxon and Continental administrative law traditions have made it difficult to introduce reforms rooted in the former tradition – most notably ideas of New Public Management – in countries deeply influenced by the latter.<sup>93</sup> Scholars argue that across post-communist Europe prescriptions based on Anglo-Saxon administrative cultures may have “detrimental” and “disastrous” consequences.<sup>94</sup>

Although the legal and administrative systems of the Western Balkan countries are in great need of major reform, it is doubtful if effective changes can be achieved by neglecting or working against deeply ingrained local traditions. Thus, the Norwegian MFA should take care not to initiate or support projects that are based on approaches which do not fit in with the local administrative or legal context. Caution is especially warranted with regard to reform efforts aiming at modernizing the public sector by applying organizational and operational principles from the private business sector (managerialism, contractualism etc.), that are likely to meet with institutional, cognitive and normative barriers in Western Balkan systems of government. Rather than imitating Western patterns, countries of the region should be encouraged to develop their own potential.

**Establishing regularity based on European standards should be the first priority** Arguably, PAR is not like telephony, where it is easy and more efficient to jump straight to modern wireless networks without going through a “copper-wire” phase.<sup>95</sup> According to this logic, the development of the public administration passes through various stages with distinctly different challenges/problems, and the solutions of problems at one stage presuppose and are developed from the solution of problems at previous stages.

If the administration is to become an asset for economic and social development, it has to respond to a set of values – regularity, efficiency, effectiveness, quality of service. Regularity represents the basic characteristics of the rule of law – legality, certainty, impartiality, predictability. Without basic regularity other values may be hard to realize.<sup>96</sup>

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<sup>92</sup> The issue has been discussed in relation to *i.a.* regulatory reform and the establishment of independent regulators, see for instance Klaus Oertel, *Die Unabhängigkeit der Regulierungsbehörde nach §§ 66 ff. TKG. Zur organisationsrechtlichen Verselbstständigung staatlicher Verwaltungen am Beispiel der Privatisierung in der Telekommunikation.* (Duncker & Humblot, Berlin, 2000).

<sup>93</sup> Concerning Austria, see for instance Barbara Ligl, (“The Fallacies of New Public Management - Can they still be prevented in the Austrian Context?” (1998). Regarding Germany, see Hellmut Wollmann, “Germany’s trajectory of public sector modernisation – continuities and discontinuities”, 2(20) *Policy and Politics*(2001), 151-170.

<sup>94</sup> Johan P. Olsen, “Towards a European administrative space”, 10(4) *Journal of European Public Policy* (2003), 506-531, 520.

<sup>95</sup> SIGMA, *op.cit.*, footnote 4, 16.

<sup>96</sup> SIGMA, *op.cit.*, footnote 4.

As we have already indicated - and will further substantiate below - fundamental weaknesses regarding the regularity of the Western Balkan systems of public administration have not yet been overcome. These problems cannot be solved or bypassed by introducing approaches tried out – but not yet consolidated – in more advanced systems of public administration.<sup>97</sup> Three questions regarding popular management techniques may illustrate our point. What is the use of introducing

- technically sophisticated systems of e-government when there is reason to believe that administrative/decision-making procedures included in the systems may be seriously inadequate or when the systems are otherwise imbedded in dysfunctional decision-making environments?
- arrangements for management by objectives in institutions/systems of public administration where all decision-making powers are vested in the top-leaders according to a deeply-rooted control and command philosophy?
- performance pay in administrative institutions where the rights, obligations, and job descriptions of public servants are inadequately defined?

Many reforms in the region are basically motivated by concerns for efficiency, which may reduce the chances of introducing basic regularity. While it is obvious that, confronted with weak public finances, efficiency must be a concern; it is also clear that developing and implementing well-organized efficiency policies in countries suffering from a lack of basic administrative regularity may at best be an uphill struggle.

PA scholars not only maintain that “the efforts of Western ‘management gurus’ and ‘academic tourists’ have been of little use”<sup>98</sup> in post-communist Europe; they also argue that blind import of Western models—for instance, those associated with New Public Management—may lead to state capture, corruption and policy failures, because there are no or only insufficient institutional capacities to ensure proper implementation of the imported models.<sup>99</sup> Although little empirical evidence may be offered in support of such arguments, and the relation between the quality of bureaucracy and for example economic development is complex and far from fully explored, there are strong reasons to give priority to establishing basic bureaucratic regularity (*i.a.* legality, certainty, impartiality, predictability) as opposed to introducing modern management techniques and implicitly, and often falsely, assuming the actual existence of such regularity:

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<sup>97</sup> *Ibid.*

<sup>98</sup> Johan P. Olsen *op.cit.* footnote 94, 521.

<sup>99</sup> William N. Dunn, Katarina Staronova and Sergei Pushkarev, “Implementation—the Missing Link”, in William N. Dunn, Katarina Staronova and Sergei Pushkarev (eds.) *Implementation: The Missing Link in Public Administration Reform in Central and Eastern Europe* (NISPAcee, Bratislava, 2006), 13-25.

- Impartiality in the exercise of public authority can be seen as complementary to the democratic principle of equal access to public office. Just as political equality is a basic norm for legitimizing democracy, impartiality is a parallel principle for legitimizing the wielding of public power. Impartiality applied to decisions of recruitment to the civil service for instance implies that the selection should be based on the merits and qualifications that beforehand are stated as necessary for the position. The norm of impartiality does not only rule out all forms of corruption but also practices such as clientelism, patronage, nepotism, discrimination, and other forms of ‘particularisms’.<sup>100</sup>
- Basic fairness in decision-processes affects citizens’ trust in public institutions and their willingness to accept a decision outcome.<sup>101</sup>
- As we have already noted, application of the legal-rational bureaucratic model, especially meritocratic principles of recruitment and promotion are positively related to bureaucratic efficiency and economic growth.<sup>102</sup>
- The issue of bureaucratic regularity, including professionalism and merit-based civil service management plays a prominent part in the process of EU enlargement. Though the principle is not explicitly laid down in EC legislation, it is part of the legally-binding, non-formalised administrative *acquis communautaire* crossing horizontally all public administration settings. As we have already seen, the issue of administrative regularity will probably play a more prominent role vis-à-vis the Western Balkan countries than in the most recent round of enlargement.

We do not argue that modern management principles are intrinsically wrong or inappropriate in a PA environment. We do maintain, however, that the issue of PAR promotion in other countries is very much an issue of context; that the context may be more or less conducive to certain types of reform; and that the still dysfunctional PA systems of the Western Balkans may not provide the most promising environment for advanced management methods (tentatively) introduced across Western Europe.

Thus, we recommend that within the Norwegian IB portfolio priority is given to projects aiming at establishing essential administrative and legal regularity rather than introducing advanced and “modern” concepts of public management. Whenever project proposals including the latter type of approaches are considered, it should be ascertained if necessary regularity has already been established, and if not, if the focus of the proposed project needs to be revised.

### IB-topics are interrelated and should be considered jointly

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<sup>100</sup> Bo Rothstein and Jan Teorell, “What is Quality of Government? A Theory of Impartial Government Institutions”, 21(2) *Governance: An International Journal of Policy, Administration, and Institutions* (2008), 165-190, at 170.

<sup>101</sup> Marcia Grimes, “Organizing consent: The role of procedural fairness in political trust and compliance”, (45) *The European Journal of Political Research* (2006), 285-315.

<sup>102</sup> Rauch, and Evans, *op.cit.* footnote 11.

In section 2.1 we distinguish between five IB topics - legal frameworks, processes, institutions, equipment, and personnel. Sustainable PAR requires coordinated efforts in relation to all of these topics. Focusing on one and neglecting key related elements may produce little value for money and in worst case scenarios may impact negatively on the reform process.

The Western capacity-building industry has often identified a lack of institutional capacity – in a narrow sense of the term – as the central problem facing post-communist bureaucracies. They have focused their efforts on providing material resources, in particular IT-equipment - to these organisations without fundamentally questioning the broader set of procedural and structural relations in which they are embedded. Thus, numerous projects have had the counterproductive effect of helping to keep in place outdated and dysfunctional structures and well-entrenched power relationships.<sup>103</sup>

By the same token, training has often proved ineffective in helping to improve sustained public sector performance, largely because it was not applied within a broad human resource management framework linked to necessary legal and institutional developments.

Although law is often an essential first step in reform, there is a longstanding practice in the region of passing a law often under pressure from donors, without considering its connection to life and society or its interaction with other laws. Too often PAR projects focus only on formal legal aspects, without regard to implementation or to the necessary internalisation of values or policies that a piece of legislation is meant to promote.<sup>104</sup> Adopting new legislation without enforcement capacity has not only created a mismatch between intentions and real change but also an incentive to bypass and disregard the law.

Having these pitfalls in mind we advise that especially large-scale/long-term projects pay careful attention to and consider measures to address the interconnectedness of IB-topics:

- a) Both IT- and capacity building projects (regarding e.g. training) should in principle support and be linked to or pay careful attention to other reform efforts such as implementation of new/revised legal frameworks, and working methods or establishment of new/transformed institutions. IT projects should not be implemented unless it has been established that procedures/documents targeted by the projects are of sufficient quality, and that the responsible institutions have or will have necessary resources to manage and update the IT systems in question.
- b) Projects aiming at preparing new legal frameworks should ascertain (i) the implementability of new regulations, *i.e.* administrative and economic consequences of the new regulations including flanking

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<sup>103</sup> Alexander Cooley, “Western Conditions and Domestic Choices: The Influence of External Actors on the Post-Communist Transition”, 2002, available at <http://www.unpan1.un.org/intradoc/groups/public/documents/NISPA/cee/UNPAN012485.pdf>.

<sup>104</sup> SIGMA, *op.cit.*, footnote 4, 11.

- measures that are necessary to ensure sustainability, and (ii) how the project may possibly assist in (preparing) the practical implementation.
- c) Projects concerning new working methods should consider carefully (i) to what extent possible reforms necessitate review of legal frameworks and (ii) issues related to implementability (see b) above)

### Weaknesses in individual institutions may be rooted outside the institutions themselves

To improve the performance of one particular public institution, external donors and local partners may have to look into factors outside the institution in question. In ex-Yugoslav countries the nature and quality of decision-making of individual state bodies are strongly influenced by a substantial volume of legal norms/decision-making practices applying to all state institutions *e.g.* the laws on the state administration, ministries, the civil service, public procurement, and administrative procedures. Thus, the performance of individual administrative organs may be neither better nor worse than the quality of cross-cutting public administration regulations/practices.

Moreover, ministries' fields of activity are becoming increasingly interrelated. In several policy areas recommended for Norwegian support (section 4.2 below) key challenges cross portfolio boundaries and cannot be adequately addressed by one ministry alone.

Security sector reform is an area highlighting both types of interconnectedness. Key challenges in this area – regarding for example the establishment of sufficient civilian and democratic control over the armed forces – are rooted outside the security sector and relate to wider questions of administrative capacity and political governance. Thus, the reform agenda will generally address two sets of issues: (i) relations between security sector institutions and the wider government apparatus and the general public – *i.a.* the clarity, openness and responsiveness of these relationships, and (ii) internal features of the security sector institutions – the human resource capacities and institutional structures and processes that underpin the functioning of the security sector.

Most countries will face problems under both headings. Though it may be difficult to make progress on both fronts at once, reform on one front but not the other is unlikely to work. Thus, reforms internal to the security sector should be set in a wider reform programme that strengthens the appropriate instruments within the civilian policy sectors.

We recommend that projects devoted to particular institutions or governmental sectors pay careful attention to (i) the ways in which the performance of the targeted organizations are dependent on other governmental bodies and cross-cutting administrative regulations, and (ii) to the relevance and possibility of linking up with other on-going reform processes regarding, for instance, the general public administration.

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## References for Difi – Agency for Public Management and eGovernment

<b>Title of report:</b>	Promoting Good Governance in the western Balkans. Norwegian Support to Institution Building in Bosnia and Herzegovina, Macedonia and Bosnia
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<b>Authors:</b>	Svein Eriksen and Anne K. Kalleberg
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<b>Resymé:</b> The report discusses experience with institution building in Eastern and Southeastern Europe and defines 4 broad priority areas for Norwegian assistance to Western Balkan countries within which it recommend that individual projects be selected. Moreover, it discusses possible thematic pitfalls in project design and suggests four concerns or IB-perspectives that should inform the development of concrete project proposals.	
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