



# Lessons Learned on Effective Public Administration in Macedonia

Analytica

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**List of Abbreviations:**

**CPI - Corruption Perception Index**

**CS – Civil Service**

**CSA – Civil Servants Agency**

**EC - European Commission**

**EU – European Union**

**ICT - Information and Communication Technology**

**LCS – Law on Civil Servants**

**OFA - Ohrid Framework Agreement**

**PAS – Public Administration System**

**PAR – Public Administration Reform**

**SIOFA - Secretariat for Implementation of the Ohrid Framework Agreement**

**TI - Transparency International**

## Current situation analysis

For many countries in the world improving Public Administration System (PAS) has been on top of their agenda. Improving effectiveness of the public service has been seen as clear indicator for increasing the capacity for economic development as well as increasing the capacity for providing better service to all citizens. The way that the effectiveness is measured is through the commitment and quality of public services offered to the citizens.

The citizens of Macedonia view the PAS as failure to meet and create efficient living standards for its citizens; these living standards are the basic economic and social welfare needs. The main reason is that Macedonia is lacking capacity to provide the PA system with functional policies. Moreover, a problem tends to occur in the implementation of these policies. Correspondingly, the 2008 Euro Barometer report on Macedonia contains a survey about the trust of Macedonian citizens towards national and EU institutions. Compared to national institutions, the citizens' trust towards EU institutions is evidently higher.<sup>1</sup>

It is important to note that further improvements in the PAS has been a prerequisite for many years as primary strategic priority of Macedonia namely, Euro-Atlantic integration processes.

After expressing the urgent need for appropriate actions, the involved parties of the PAS began compiling a number of strategies and actions for the improvement of the PAS. A serious institutional effort on fulfilling the criteria of an effective PAS was initiated with the Public Administration Reform Strategy (PAR) adopted in 1999. As stated in the previous report by Analytica on the "Evaluation of the Public Administration Reforms in Macedonia" the PAR strategy identified key areas of reform, set short and mid term objectives as well as the values the PAR process aimed to achieve".<sup>2</sup>

The implementation of the PAR strategy still has not reached the pre-assigned tasks, though a slight progress is evident especially in the civil service reform and in the administrative legal frame. However, vast issues still continue to have an impact on the effectiveness of PAS. Politicization, low quality of public services, corruption and low salary levels are some of the major issues and concerns that get in the way of the effectiveness of the PAS.

The greatest concern for Macedonia since the Independence has been the high "politicization of public service" that mainly involves the interference of the political parties that are in power in the organizational structure of the Civil Service and wider into PAS. Politically motivated hiring or replacements in large scales and horizontal mobility after each change of government office has become a common practice than an exception, thus concerning directly the quality of the services provided to the citizens.

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<sup>1</sup> [http://ec.europa.eu/public\\_opinion/archives/eb/eb69/eb69\\_fyrom\\_nat.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_fyrom_nat.pdf)

<sup>2</sup> "Evaluation of Public Administration Reforms in Macedonia". Analytica Publications. July 2007: 10. <http://www.analyticamk.org/files/ReportNo5.pdf>

Politicization is mostly expressed within jobs, for instance employees that have high positions in the hierarchy of state institutions are degraded by appointing politicized individuals (supporters of the political party in power) in their place, while lay offs mostly occur in cases when employees have a status of a temporary employee.

However, looking at what has been achieved up until now in regard to the effectiveness of the CS system there is certainly some imperative information that needs to be evaluated such as, the establishment of a special unit within the General Secretariat of the government responsible for coordination and horizontal alignment of PAR in different sectors; the adoption of the Law on Civil Servants (LCS); the establishment of the Civil Servants Agency (CSA)- the protector of the functionality of the civil servants' legislation, and the Ministry of Local Self Government. These essential steps gave the green light for further proposals that would lead to a desired outcome, which is to create apolitical, effective, and professional PAS.

This report is a continuity of the series of reports that Analytica's Public Policy Analysis and Administration Program publishes in tackling PA related issues. The purpose of this report is to provide recommendations that would lead to Public Administration System's effectiveness in Macedonia. Deep analysis of the current situation in every field helped in creating a clear image on what has been achieved until now and what further steps should be undertaken in order to improve performances of the PAS. The provided recommendations represent the core elements of this report.

## **Recommendations for Effective Public Administration**

After brief analysis of the current situation on Macedonia's PAS, Analytica has decided to take a step forward in providing recommendations that will help improve the performance of the PAS.

Analytica approaches this quite complex issue by thorough analysis of past efforts to improve the PAS and through research in identifying gaps for increasing effectiveness of public administration. Therefore, we have identified the following areas for improvement as part of our recommendations:

### **Motivation of employees:**

In every organization high motivation of employees has direct impact on the effectiveness of overall organization performance. This is also true for public organizations. Factors that have a stimulating effect on the employees' mentality can be named as, achievement, recognition, challenge, interest, responsibility, advancement, and salary and benefits<sup>3</sup>.

The salary system is one of the main factors that motivate staff. The Law on Civil Servants (LCS) dedicates a whole chapter to the salary system, giving a brief description of the salary and its components and also states the conditions when an employee gains the right to receive allowances and demand supplements. Career development is also considered a challenging and motivating factor for employees, as it is also an integrated part of the LCS.

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<sup>3</sup> Osborne, David, and Peter Plastrik. The Reinventor's Fieldbook, 2000.

According to the law, each position shall have four career development steps regarding the job to which a civil servant is assigned to. Passing from one stage to another entails a 3 year working experience as a civil servant or at a current stage.<sup>4</sup>

The efforts on motivating employees in Macedonia should continue intensively. Particular focus should be given to the fair implementation of the dispositions of the LCS regarding increasing of the salaries as well as assuring a more flexible structure for career development in the public sector. This could lead into making them more competitive in the labor market or to an approximation to those in the region -Slovenia or Croatia-.

The CSA's role should consist on ensuring full implementation of the provisions regarding performance related supplements. Consequently, such changes can pave the way for attracting more qualified candidates for public service jobs.

### **Better structure for performance management and assessment:**

Performance management is another factor that will flourish the effectiveness of the PAS. This requires the measuring of results, and upon these results creating new principles and goals that will award the employees that have achieved these outcomes. Rewards represent the real meaning of the performance management. Awards, psychic pay, bonuses, shared savings, performance contracts and agreements are tools that should be used for attaining the perfect performance management.

Although Macedonia recently has undertaken substantial steps in improving the performance of the civil servants, unfortunately, this process is still considered as an *ad hoc* process and an issue with minor importance. Not undermining the fact that performance management measures can serve as a stimulant for changes in the bureaucratic organizational culture and administrative systems.

Assessment of the civil servants is also integrated in the LCS. According to the Law, the assessment of the managerial civil servants shall be done by the minister (head of the body), while the assessment of the expert and expert-administrative civil servants shall be done by the immediate managerial civil servant. The question is how effectively this assessment process is done? And how much the results are considered relevant and taken into consideration?

The performance management and assessment in Macedonia's PAS is still at its initial stage. The understanding of the performance management and assessment is poor and the state administrative bodies' capacities to implement it low. More efficient processes of performance management are needed. Structural changes and coordination of assessment outcomes for improving performance is crucial. Among these, Macedonia should also apply strong efforts in strengthening of the role of CSA in the assessment of the performance of civil servants.

### **Information and communication technology (ICT):**

Communication is a fundamental element for the effectiveness of the PAS; therefore, the ICT is counted as an important strategy for addressing the problem of ineffectiveness. ICT infrastructure is counted as a prerequisite for setting up a competitive and a service-oriented

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<sup>4</sup> Law on Civil Servants. Official Gazette of the Republic of Macedonia. No. 59/2000, 22 July, 2000.

PAS. The services and advantages that arise from the ICT are of a huge importance, especially in the part of data collection and analysis. ICT is a powerful tool for reducing fraud and improving service coordination. It should be perceived as a strategic instrument for improving the government's key relationships and service integration.

ICT has at several times been converted into a pressure applying "device" for governments, intending to make them transparent and open for citizens, and at the same time enhancing the involvement of citizens in the political life.

As a result of the importance and essentiality of information and communication in building stable and effective institutions and creating a positive image for them, the CSA published a document on Communication Strategy.<sup>5</sup>

The State Statistical Office in Macedonia publishes annual reports on the usage of ICT in the public sector. The report for 2007 is quite optimistic where it states that there is a significant progress in this field, namely about 99,4 % of the entities in the public sector (central and local authorities) have access to the Internet.<sup>6</sup>

The role of the ICT in the development and upgrading of services that PAS offers the citizens is beyond question. Macedonia obviously has a long way to go in order to establish a functional and effective ICT infrastructure. Certain steps have been undertaken in resembling the EU standards set for ICT, raised awareness of the institutions on the importance of introducing or upgrading the ICT being the most important one. Further progress should be achieved in trainings of the employees for using ICT and establishing online wide service-offerings.

### **Introducing career system elements as a counter attack for the politicization of the PA:**

The introduction of the career system elements like: high competitiveness, self motivation and resistance to political pressure of civil servants, in the civil service is of high importance in setting stable, citizen-friendly and well performing institutions. It would provide a counter attack for some deviations that occur in the civil service. These elements make the system be challenging and offering job positions based strictly on the performance of the civil servant.

Better implementation of a system combined with elements of both career and position based system in Macedonia would represent an improvement of the effectiveness for the civil service and the overall PA. Based on the LCS, Macedonia introduced the position-based system in the civil service system. The legislators of this law pretended that the position-based system would be a more transparent and effective one, giving an opportunity to all candidates (from inside and outside the CS) in applying for vacancies in the CS. But, the reality claims the opposite. Since its introduction there have been many irregularities recorded, mainly resulting in recruitment of politicized individuals in the civil service and broader. These malformations made the system dysfunctional and unable to produce impact on overall PA's effectiveness.

The implementation of the spoils system<sup>7</sup> by the political parties in power noticeably points out the necessity for intervention in the LCS. It should address the replacement of the spoils

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<sup>5</sup> Civil Servants Agency. Strategy for communication. No. 01-16042/1. 04 December, 2007.

<sup>6</sup> State Statistical Office. Information Society-News release. No. 8.1.8.02. 2008

<sup>7</sup> A spoils system is the practice where political parties, after winning elections, employ their voters in the civil service, as a result of their contribute towards the victory.

system with the one based on merits. An action of that type seems to be fundamental in awakening the civil service. The above mentioned facts clearly emphasize the weakness and instability of the LCS, which since 2000 has many times undergone changes and amendments. Amendments and changes in this law caused confusions in the implementation process, making it unable to meet up the expectations of the citizens and fulfill the criteria of a stable and productive legislative act.

As underlined previously, it is essential for Macedonia to solidify the dispositions and the implementation of the LCS and reset new rules for the system. Such changes with no doubt would help in boosting the professionalism of the CS.

### **Continuity of Judiciary reforms:**

Improving the judicial system is a fundamental element in establishing effective public institutions. The improvement of the judicial system is another issue requiring a great deal of enhancement that needs to be done if Macedonia is to continue Euro Atlantic integration processes.

The judicial system in Macedonia is facing many deficiencies, mainly resulting from the lack of independence and efficiency. Some positive steps have been taken in improving the overall image of the judiciary such as, the establishment of five specialized court departments dealing with corruption and organized crime, the introduction of new ICT systems for the courts, the implementation of the laws on litigation procedure and enforcement of civil judgments.

The adoption of the Law on Administrative conflicts in May 2007 enabled the establishment of the new Administrative Court, which started operating in December 2007. This court is especially dedicated to solving administrative conflicts that arise from the lawsuits against administrative acts of public administration organs and organizations or other institutions that carry out public authorizations. The Ministry of Justice applies strong efforts on strengthening the capacities of all courts (infrastructure, trainings for professional upgrade of all public prosecutors, judges and other categories); however more attention is paid on strengthening the capacities of the Administrative Court, as a newly set court. These kind of reforms should continue with an accelerated pace because of their essentiality in improving the performance of the public institutions.

Regarding this issue, Macedonia should continue with the started reforms on the judiciary. Strengthening the capacities (human and infrastructure) of the Administrative Court and the assurance of a broad political consensus-as a general criterion, should be key priorities towards an effective judiciary.

### **Effective fight against corruption:**

Corruption is one of the greatest obstacles that every society faces when trying to develop and progress. By observing the political system, corruption is seen as an abuse of the public office for private benefits and interests. Corruption occurs in circumstances of derogatory and degrading civil service salaries and advancements not based on performance.

A problem for combating corruption is the politicization of the anticorruption bodies, making them have a selective approach to the corruption, mainly intending to degrade the

political opponents of the parties in power.

Impacts of corruption are fatal for the society. They affect the administrative values of equity, efficiency, transparency and openness thus having a direct impact on the effectiveness of the PAS, obstructing it in the achievement of its primary goal – social and economic welfare. A significant progress in combating corruption has been recorded since 2006. In 2006, Macedonia was ranked 105 in the Corruption Perception Index (CPI) conducted by Transparency International (TI), while two years later it recorded a jump of 34 places, and was ranked 72. However, proceeding with the fight against corruption, is still one of the main challenges that the country needs to overcome in order to have progress.

The Code of Ethics for Civil Servants<sup>8</sup> from 2001 is directly related with the fight against corruption in the PAS. It aims in assuring the principles of legality, professional integrity, effectiveness and loyalty during the accomplishment of civil servants' official duties.

Macedonia should mainly concentrate on depoliticizing the anticorruption bodies and strengthen the implementation of the Code of Ethics for civil servants and the Law on Preventing Corruption<sup>9</sup>- considered a solid legal frame that includes almost all the parameters for dealing with corruption. Without having these objectives accomplished, the country will continuously face a high corruption rate.

### **The equitable representation for a better participative PAS:**

*“The key to effective political representation and meaningful participation in a democracy at work is to engage all citizens, so that they feel they are part of the society and its institutions”. (Christian Strobal, ODIHR Director Ambassador)*

Equal representation is a criterion that arose as a result of the Ohrid Framework Agreement (OFA), signed in 2001. The principle of equitable representation deals with the relation between the ethnic structure of Macedonia on the one side and on the other hand employment in the civil service and the public sector. Its primary goal is to combat the ethnic discrimination in the labor market. The dispositions of equitable representation are integrated in the OFA. The equitable representation has steadily improved since 2001. All political subjects have clearly declared the will to improve the ethnic structure of the civil service system. The position-based system in Macedonia's civil service offered immediate appointment of individuals from different ethnic groups in different positions. Therefore, contributing positively to the achievement of a representation of different groups in the civil service system thus, making it more participative. Evidently, the progress on equitable representation should go on, moreover that it has been stated as a criterion from the European Commission (EC) in fulfilling the standards of a citizen oriented PAS.

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<sup>8</sup> Code of Ethics for Civil Servants. Official Gazette of the Republic of Macedonia. No 08-1715. November, 2001.

<sup>9</sup> Law on Preventing Corruption. Official Gazette of the Republic of Macedonia. No.83. 24 November, 2004.



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