

**Challenges and Priorities
in Reforming Governance and Public Administration
in the Middle East, Northern Africa, and Western Balkans**

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Challenges and Priorities in Reforming Governance and Public Administration in the Middle East, Northern Africa, and Western Balkans

Adriana Alberti and Fatma Sayed*

Abstract

These are challenging times for Governments around the world. Since the middle of the twentieth century, and particularly since the beginning of the new millennium, Governments have been under growing pressure to respond to the evolving demands of citizens and to function within an increasingly complex global environment. Governments must address domestic priorities such as poverty, unemployment, educational deficits, and environmental degradation while simultaneously introducing whatever changes are necessary to ensure effective integration into the world economy.

This paper highlights the governance challenges that countries from the Southern and Western part of the Mediterranean region have been facing in the past years. It also analyzes the priority areas of reform in public administration at the regional and sub-regional levels.

1. Governance Trends and Perspectives in the Mediterranean Region

As in other parts of the world, many countries in the Mediterranean region have introduced comprehensive reforms to enable them to deal more effectively with domestic pressures and the new challenges and opportunities brought about by globalization. Several countries have sought to revitalize their economies by creating an enabling environment for private sector development and have taken steps to improve the quality and efficiency of public services. ICT integration in government operations has become a top priority, and greater emphasis is being placed on transparency and accountability.

Those countries in the Middle East, North Africa and Western Balkans that collectively constitute the southern Mediterranean region have been compelled, over their long histories, to adapt to and interact with other cultures. Through such experiences they have developed the capacity to acquire and integrate new information and bodies of knowledge, often introducing modifications or innovations that effectively allowed them to become producers of knowledge. Within the present context, the goal is to capitalize on this knowledge by finding ways for Governments to share and apply effective new

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approaches to governance and public administration. Fundamental priorities include establishing a favourable environment for the adoption of innovative ideas and practices and developing a culture of innovation.¹

Indeed, public sector reform has consistently appeared on the government agenda in many Arab countries, and a number of important administrative innovations have been introduced; however, overall progress has not been homogenous across the region, and establishing a comprehensive system of good governance within a modern framework is still a challenge. The public sector remains a dominant force and in many countries is still the employer of last resort. According to the International Monetary Fund (IMF), the share of the State in the economies of the Arab region is among the highest in the world.² The ubiquitous State has no place in the contemporary context; Governments without an active private sector and strong civil society institutions will find it difficult to achieve the Millennium Development Goals (MDGs) and global competitiveness. A reconfiguration of the role of the State is an urgent necessity in a number of countries and serious efforts are being made in this direction.

Countries in the region are also facing the challenge of building democratic government institutions. Some have taken important steps towards modernizing their systems of governance, while others are moving more slowly in implementing political and institutional reforms. Thus far, reform efforts have focused primarily on enhancing the efficiency and effectiveness of public sector operations and establishing a modern information and communications infrastructure; relatively less attention has been given to limiting the State's economic role and creating an appropriate institutional framework for public participation and private sector development.

In a number of Arab countries, weaknesses in legal and regulatory frameworks, the relative ineffectiveness of financial and banking systems, and the dominance of the State in the economy have traditionally precluded the development of a vigorous private sector, with negative implications for economic growth. Privatization has presented various challenges; in some cases antitrust regulations and other rules designed to ensure fair competition have not been adopted or consistently enforced, and private monopolies have emerged, stifling growth. According to the *United Nations World Public Sector Report*,³ the Arab region has not benefited as much as other regions from globalization because it needs to further promote reforms necessary to create an enabling environment for trade, investment and private sector development. In the last years there have been remarkable positive changes and this trend must be sustained to capitalize on recent achievements.

¹ The United Nations Network of Innovators in Governance in the Mediterranean Region, officially launched by UNDESA in 2006, has become an important tool in promoting a culture of innovation in governance in the region. It is also a valued platform for sharing knowledge about innovations that can be transferred and adapted to individual contexts.

² International Monetary Fund, "The Middle East on the threshold of change", *Finance and Development* (March 2003).

³ United Nations, *World Public Sector Report: Globalization and the State, 2001* (United Nations publication, Sales No. E.01.II.H.2).

Transparency and accountability in public administration constitute a top reform priority in most Arab countries.⁴ In the *Global Corruption Report 2003*, published by the advocacy group Transparency International, the authors of the Middle East and North Africa chapter state that although in 2001/02 the incidence of grand corruption declined in the region, petty corruption continued to rise, and corruption among senior public officials and politicians remained a pressing challenge. They assert that anti-corruption strategies are unlikely to produce significant results if political reforms are not introduced. It is noted that while numerous cases of corruption were publicized during the period under review, there was no evidence of real structural change. The authors observe that public and private sector transparency and accountability are less apparent in countries where authoritarian rule prevails and where institutional reforms have not accompanied economic liberalization efforts.⁵

According to TI, however, the political atmosphere in the Middle East has opened up in the last decade, with the emergence of a new generation of leaders more inclined towards reform and modernization, particularly in the field of transparency and accountability.

In the Balkan countries, modernizing public administration is a fundamental part of the transition process. Major social, economic and political changes have placed tremendous pressure on traditional Governments; hierarchically organized bureaucracies have been compelled to adopt less interventionist approaches to governance and to establish firm foundations for market development. The contemporary approach to public administration requires a shift to indirect economic management and the transformation of the State bureaucracy into a politically neutral, civil service characterized by efficiency, transparency and professionalism. Reforms must be implemented at the central, regional and local levels, with appropriate modifications made in organizational and institutional structures, civil service legislation, management approaches, and administrative procedures. A new organizational culture must evolve to change the way government institutions operate. In fact, public administration reform is not a single, isolated exercise but rather a continuing process of institutional development. Each of the southern Mediterranean countries is gradually constructing its own administrative model, drawing from both traditional bureaucratic and new public management approaches, reassessing and adjusting the model to bring it to maturity, and possibly moving closer to participatory governance.

Institutional development is of little use without complementary human resource development. Professional and technical skills and knowledge, largely developed within a centralized and highly controlled political and economic framework, must be enhanced so that government employees and public officials are able to deal with new demands in an evolving democracy and market economy. Management skills, traditionally limited to ensuring compliance with regulations, must now be geared towards fostering proactive participation at all levels and promoting the delivery of quality services to the public.

⁴ Transparency is usually defined as the availability of and free access to information about governmental political and economic activities, procedures and decisions. Accountability implies responsibility and answerability for choices made.

⁵ Reinoud Leenders and John Sfakianakis, "Middle East and North Africa", in Transparency International's *Global Corruption Report 2003* (London: Profile Books Ltd., 2003).

Transforming the public sector workforce requires the reform of the training system; the didactic, lecture-based approach should be replaced with more active-learning approaches to skill development. Changes in attitude are also critical but cannot be achieved through training alone; much depends on the working environment and incentives offered. Increased personal responsibility and initiative within both the public and private sectors does not imply the absence of State involvement. The Government must set and enforce collective rules and regulations that enable individuals and institutions to interact efficiently, and should work to create a stable economic environment conducive to private investment and business development. Government actions should be predictable and consistent, based on democratic principles and the rule of law; efforts should be made to minimize uncertainty, transaction costs, and unwarranted discretion by officials. The goal is to create a climate of trust both within the Government and between public servants and citizens.

2. Subregional Comparative Analysis

2.1. Governance Challenges and Priorities in Northern Africa

Algeria, the Libyan Arab Jamahiriya, Morocco and Tunisia, which constitute the North African subregion, went through important stages of State reorganization after achieving national independence in the late 1950s and early 1960s. Deep-seated colonial traditions shaped the organization of the civil service and the structure of State institutions; bureaucracies were characterized by a rigid internal hierarchy and a distant, authoritarian relationship with citizens. The newly independent countries tried with varying degrees of success to draw closer to their constituents. Reforming State institutions and improving governance have preoccupied political leaders in the area for some time, but particularly since the mid-1990s.⁶

The Barcelona process and the launching of the Euro-Mediterranean Partnership - MEDA Programme – by the European Union in 1995 offered southern Mediterranean countries the opportunity to strengthen their economic and institutional relationships with Europe, and emerging globalization held the promise of substantial returns for those able to maintain a competitive edge. Enhanced prospects for regional and international integration led many countries in the region to revise their economic policies and work on restructuring key government institutions; the aim was to promote economic growth through increased foreign direct investment and accelerated market development. Over the past decade many countries in the region have strengthened their political and economic ties with the international community, introducing administrative reforms consistent with the new role played by the State in economic planning. Economic development has not been the only impetus for government reform. According to the International Monetary Fund (IMF), “trade balance (in percentage of GDP) in Morocco stabilized around its 2005 level, as the good export performance offset the increase in

⁶ Within North Africa, this is true of Algeria, Morocco and Tunisia; the Libyan Arab Jamahiriya emerged from international isolation in 2004 and has pursued relevant reforms during the past few years.

imports stemming from the economic recovery and the rise in the energy bill. The surge in foreign direct investment (excluding privatization) also helped gross official reserves reach US\$ 21.4 billions at end-April 2007, significantly higher than the stock of external debt. At end 2006, the latter reached 23.1 percent of GDP, substantially lower than the average for emerging-market OECD countries. The excellent performance of tax revenues and prudent expenditure management and control greatly improved Morocco's fiscal position in 2006” (2007 Article IV Consultation Discussions in Morocco by the IMF).

The Libyan Arab Jamahiriya is ranked relatively high in the Human Development Index (58th out of 180 countries), but Algeria, Morocco and Tunisia have generally remained in the lower half of the Index during the past decade. Algeria’s economic growth has been sustained, inflation has remained low, and unemployment has declined although it is still too high, especially among young graduates. Tunisia has also fared very well in the last years and an efficient economic management has helped promote strong economic growth making it the leading country in the sub-region in terms of international competitiveness.

The countries of North Africa share a number of cultural features, enjoy strong demographic ties, and have all had to deal with the colonial administrative legacy. They also have similar developmental aspirations and reform priorities. Domestic and external pressures have compelled the leaders of these countries to place innovation in public administration and improving the quality of governance at the top of their respective reform agendas.

Most experts on governance in the subregion agree that the major priorities for public administration reform include the following: structural and organizational streamlining and procedural simplification; decentralization; increasing transparency, accountability and professionalism within the civil service, in part through the institutionalization of codes of conduct; human resource management and development; and the establishment of a comprehensive system of e-government. The paragraphs below provide a number of observations with regard to these areas of priority, highlighting achievements and challenges.

Streamlining and simplification require action at many levels. Efforts are being made in the subregion to reduce red tape and improve access to public services. Perhaps the greatest challenge is optimizing internal operations, as this requires a clearer definition of mandates and functions, the revision of legal framework, institutional restructuring and reorganization, the identification of areas of overlap and redundancy, the strengthening of human resource capacities, and a genuine commitment by staff to quality public service delivery. Changes in these areas can be quite difficult, as they must be well coordinated and comprehensive.

Algeria, Morocco and Tunisia have centralized organizational structures, and decision-making and resource allocation is centralized across the subregion. Decentralization has been a top reform priority for all North African countries, but relatively little has been

achieved on the ground. Central State institutions have been reluctant to transfer authority to units of local government, local government institutions are not adequately equipped to assume responsibility for independent administration, and there are no well-developed internal mechanisms to effect the devolution of functions or to ensure accountability. Two examples from the subregion demonstrate how the institutional commitment to decentralization is just as important as the organizational structure of government units in determining the success or failure of reform efforts in this area. Morocco has had a positive experience with the limited implementation of its “contractualization” programme, which holds local leaders responsible for the results of area administration provided sufficient budgetary and staff resources have been made available to the authorities. In mutual commitments undertaken by central administrative entities and their local departments, clear objectives are established, performance indicators are used to assess efficacy, and efforts are made to strengthen the relationship between government institutions and citizens. If a sustained political and economic commitment can be made to extend this initiative to all locales and facilitate its formal integration into the Moroccan system of governance, it will likely be designated a best practice to be shared with neighbouring countries pursuing decentralization. It is also worth mentioning that in 2007 Morocco has won the United Nations Public Service Awards for the e-fez project which has been developed by the municipality of Fez in partnership with the research team of the ICT-for-Development Laboratory (ICT4D Lab) at Al Akhawayn University in Ifrane, Morocco. The eFez project, which provides a vast range of administrative services on-line, is a local e-Government success story in the developing context of Morocco.

In the Libyan Arab Jamahiriya, State institutions and territorial areas were reorganized to achieve decentralization and encourage local participation. However, while local government units (*sha’biyyat*) assumed a number of administrative responsibilities, they were not given sufficient decision-making authority or financial resources to carry out their new functions effectively.

One persistent problem in all four countries under review is the resistance to administrative reform within the government bureaucracy. At the higher levels, the problem relates to internal power relations, but among middle- and lower-level civil servants the reasons are a bit more complex. Public employees are typically given little authority, low pay, few benefits, and no real incentive to perform, which encourages apathy and discourages personal initiative and responsibility; few are interested in assuming new responsibilities. Perhaps more compelling is the fear of change; some civil servants know that they are not equipped to handle the more complex demands accompanying the administrative modernization process and fear losing their jobs. It is imperative that concrete steps be taken to reform the civil service, with emphasis given to modifying public employment policies, strengthening human resource capabilities, improving human resource management, and providing staff with a clear mission and a strong, enforceable code of ethics.

Government officials across North Africa acknowledge that the informatization of the civil service and the establishment of a comprehensive system of e-government are key to

increasing the efficiency and effectiveness of public service delivery and creating a favourable environment for economic and social development. Presently, however, the subregion as a whole is ranked relatively low in terms of e-readiness.⁷ While there is a strong official support for ICT integration in State institutions and for the broader development of an information society, efforts in this area are often undermined by deficiencies in the information and communication technology infrastructure and relatively low levels of e-literacy at the national level.

The pace and extent of reform implementation has varied from one country to another and even within the same country, depending on the area of reform and on political, economic and other environmental factors. The political instability experienced by Algeria during the first half of the 1990s and the extended political and economic isolation endured by the Libyan Arab Jamahiriya until 2004 hindered the reform process in these countries. Conversely, the Tunisian Government's determined efforts to develop a market economy and pursue economic integration with Europe have impelled the reform process forward in the direction of more effective governance; a World Bank index ranks Tunisia highest among the countries of the subregion in terms of government effectiveness.⁸

It is worth noting that international development assistance has been positively correlated with the rate of reform implementation in all four North African countries. Within the subregion, Tunisia was ranked highest in the 2002 Government Effectiveness Index, followed by Morocco, Algeria and the Libyan Arab Jamahiriya. It is no coincidence that the countries were ranked the same based on the level of Official Development Assistance provided that year; Tunisia received an average of US\$ 48.40 per capita, while the respective rates for Morocco, Algeria and the Libyan Arab Jamahiriya were US\$ 21.20, US\$ 11.50 and US\$ 1.90. This invites reflection on the importance of international support in advancing the process of reform in North Africa.

Algeria, the Libyan Arab Jamahiriya, Morocco and Tunisia are strongly committed to reforming State institutions and improving the quality of governance, as evidenced by the progress each has made in strengthening key areas of public administration.⁹ The political leadership in these countries recognizes the critical importance of enhancing the quality and efficiency of internal government operations and public service delivery. In recent years, issues such as gender balance and labour rights within the public sector have

⁷ In the Economist Intelligence Unit's e-readiness report for 2007, the Middle East and Africa are ranked lowest at the regional level (see http://t1d.www-03.cacheibm.com/industries/government/doc/content/bin/e-Readiness_2007.pdf). Out of the 178 countries assessed in the United Nations *Global E-Government Readiness Report 2004*, Algeria is ranked 118th, Tunisia 120th, and Morocco 138th; the Libyan Arab Jamahiriya is listed among the countries with no Web presence. (See <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan019207.pdf> for a listing of all countries and a comprehensive analysis of worldwide e-readiness).

⁸ The Government Effectiveness Index is a subjective indicator developed by the World Bank to measure citizens' perceptions of the quality of public administration, including health and education services, as well as political and institutional stability. Among the four countries under review, Tunisia received the highest index for 2002 (0.65), followed by Morocco (0.07), Algeria (-0.59) and the Libyan Arab Jamahiriya (-0.87).

⁹ It should be noted that Morocco has won the prestigious United Nations Public Service Award three times during the past five years.

received greater attention in reform programs. In the Libyan Arab Jamahiriya, for example, the State has implemented a policy of “positive discrimination” to promote the involvement of women in the civil service and public life, particularly at the higher levels. Tunisia has implemented a similar strategy, and women now constitute almost 40 per cent of public sector employees.

While notable gains have been achieved, much remains to be done. The four countries of the subregion have developed comprehensive, long-term administrative reform plans and programmes and have strengthened the relevant legislative framework, so firm foundations have been laid for modernizing the public sector. However, all the Governments of North Africa must strengthen their political, economic and social commitment to change, develop a unified vision of what they hope to achieve, and build a stronger consensus among stakeholders inside and outside the Government with regard to the main objectives of reform. As noted previously, the top administrative reform priorities in the subregion include the following:

- Revising institutional mandates, streamlining operations, and simplifying administrative procedures;
- Decentralizing public administration by transferring authority and responsibilities to units of local government and increasing the level of participation in public affairs;
- Fighting corruption and institutionalizing transparency and accountability, in part through the establishment of an enforceable code of ethics within the public sector;
- Strengthening human resource development and management, with attention given to capacity-building at multiple levels;
- Accelerating ICT integration and establishing a comprehensive system of e-government in order to enhance efficiency and effectiveness in public administration, with particular emphasis on strengthening relations with citizens and facilitating economic development.

2.2. Governance Challenges and Priorities in the Middle East

In the Middle East, as in North Africa, the commitment to institutional reform and improving governance is strongly correlated with the Barcelona process and the trend towards globalization. The desire to participate in the Euro-Mediterranean partnership and benefit from MEDA assistance, and the broader prospects for regional and international political and economic integration, has provided a strong impetus for administrative reform. Strong external support has been available since the mid-1990s; during the past decade, the Governments of the subregion have relied heavily on international cooperation and development assistance for institutional restructuring and modernization.

State administrative reform has been at the centre of public discourse in the Middle East for some time, but it is receiving more attention today than ever before from the Governments and citizens of the various countries in the region and from the

international community. Egypt, Jordan, Lebanon, the Palestinian Authority,¹⁰ and the Syrian Arab Republic have invested a considerable amount of time and effort in modernizing their systems of public administration, particularly during the past few years.

The five countries in the subregion exhibit marked differences in terms of the stage reached in State-building, the capacity to reach out to citizens, demographic composition, socio-economic indicators, and degree of political stability. The turmoil experienced by Lebanon and the Syrian Arab Republic over the past two years and the precarious situation prevailing in the Palestinian Authority may be contrasted with the relative political stability in Egypt and Jordan. In terms of State formation and consolidation, the Palestinian Authority and Egypt are at opposite ends of the spectrum. The Syrian Arab Republic lags behind Jordan in terms of global economic integration. Wide developmental disparities are evident across the subregion; Lebanon, with a population of around 3.5 million, ranks 78th out of 177 countries in the 2006 Human Development Index, while Egypt, with its population of almost 71 million, ranks 111th.

In spite of the wide disparities within the subregion, the countries are linked by their strategic geopolitical position, common cultural heritage, colonial legacies, and post-colonial pursuit of social and economic development, justice, stability and prosperity.

Political leaders and other high-level public officials have approached government reform with varying degrees of commitment at different points in time. Since the mid-1990s, the countries of the Middle East have gradually strengthened their resolve to modernize public administration and improve governance in order to support national development; however, they have often been held back or sidetracked by political instability, economic crises or social unrest related directly or indirectly to insufficient investment in human development.

The countries of the subregion share many attributes and face similar challenges, and political leaders and national experts are largely in accord on long-term national development objectives. It is therefore not surprising that administrative reform priorities within the subregion are much the same; in all cases, issues relating to decentralization, transparency and accountability, human resource development and management, institutional restructuring and reorganization, procedural simplification, and ICT integration are at the top of the government reform agenda. The paragraphs below provide a number of observations with regard to these areas of priority, highlighting achievements and challenges.

All of the countries under review are highly centralized in terms of institutional structure and culture and have legal frameworks that reinforce such centralization. The colonial powers created a strong national State to maintain territorial control, and post-colonial Governments operated within the same framework as they undertook economic and social planning and development in societies that lacked basic administrative and service infrastructures, economic resources, modern technologies and local organizational

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capacity. Interestingly, resource deficiencies and insufficient capacities still represent the main obstacles to decentralization in the various States of the region.

Governments in the Middle East have consistently stated that the devolution of authority and responsibility at the territorial and functional levels and the establishment of institutional mechanisms to strengthen the role of civil society in public affairs represent top priorities. Unfortunately, relatively little progress has been made in these areas. There is considerable internal resistance to the sharing of power, resources are unevenly distributed, and local capacities remain weak. Surprisingly, this is particularly true in Egypt and Lebanon; both countries have made impressive strides in other areas of reform but have experienced problems with administrative decentralization and achieving public sector transparency and accountability.

Another top priority for the Governments of the region is simplifying administrative procedures and streamlining government operations. This aspect of administrative reform is quite complex, entailing systematic analyses of organizational mandates and structures, internal and external modes of communication and operation, and patterns of citizen demand for the various public services. The Governments of most of the Middle Eastern countries under review have made some progress in revising the legal codes governing public sector operations and have decreased the documentation associated with service delivery. Egypt, Jordan and the Syrian Arab Republic have made significant headway in this area; in 2004 Egypt received the United Nations Public Service Award for improving its administrative machinery. In 2007 Lebanon received the United Nations Public Service Awards for streamlining all operations related to Tax payment and collection.

The success achieved in strengthening administrative efficiency and effectiveness in public institutions is ultimately determined by the quality of the workforce. Attention to the human factor must be at the core of any reform. Human resource development and management constitute a weak spot in public administration and remain one of the greatest reform challenges. Bureaucracies overstaffed with inadequately qualified, unmotivated and poorly paid civil servants are the norm in the Middle East. The State, confronted with chronically high unemployment and the incapacity of the private sector to absorb labour, has long been the employer of last resort. Countries in the subregion have revised their civil service policies and intensified in-service training; many have also increased staff pay, but public sector salary scales remain well below market levels, making it difficult for Governments to recruit and motivate qualified candidates.

Throughout the subregion, electronic government is now regarded as one of the most important tools for improving the quality and efficiency of public administration; ICT integration is seen as especially critical for strengthening local capacities and addressing local needs. A number of e-government policies, support institutions, and reform programmes have been developed to facilitate the establishment of a knowledge society. International development agencies are providing considerable support, working with local stakeholders to achieve comprehensive digitization and ultimately improve governance.

E-government readiness varies within the subregion. Among the four above-mentioned States, Jordan ranked highest in 2005 (68th out of 178 countries), largely owing to its long-term investment in ICT integration and its relative economic stability, and Lebanon, ranked 71st, was a close second. Egypt and the Syrian Arab Republic, dealing with problems of illiteracy and high population density, were ranked 99th and 132nd respectively.¹¹ Commonly reported obstacles to e-readiness in the Middle East countries under review included weaknesses in the national ICT infrastructure, the limited ICT penetration within the public sector, and the low level of e-literacy among the general population.

The pace of reform in each country depends to a large extent on the system of governance already in place and on the role played by the State in internal and external affairs. For example, the very centralized, interventionist Syrian Arab Republic is likely to confront challenges that are very different from those faced by Lebanon with its softer, laissez-faire approach. Another key factor influencing change is the capacity of the State to meet basic needs (food, shelter, sanitation, health care, education, and security).

A comparative assessment of reform progress in the countries under review reveals that contextual factors such as internal and external security pressures, economic problems, and insufficient political commitment have often undermined reform efforts. For example, recurrent economic crises in Egypt and the Syrian Arab Republic and the fragmentation of political commitment and determination linked to sectarianism in Lebanon have seriously retarded the reform processes in these countries.

There is, however, a strong commitment of the Governments of Egypt, Jordan, Lebanon, and the Syrian Arab Republic to reforming State institutions and improving governance. The willingness to pursue innovation in public administration is evidenced by the fact that Egypt and Lebanon have won the coveted and highly competitive United Nations Public Service Awards in recent years.

As noted previously, administrative reform is an ongoing process, and in spite of the notable achievements, much remains to be done. National experts and government officials in the subregion broadly agree that the top priorities for public administration reform include the following:

- Decentralizing public administration by transferring authority and competencies from State institutions to local government units and independent entities and by strengthening the participation of civil society in governance;
- Streamlining operations and simplifying procedures with the aim of optimizing public service delivery;
- Creating a unified vision for the informatization of society and the establishment of a comprehensive system of e-government consistent with national plans for improving governance and developing a more citizen-oriented institutional framework;

¹¹ See the United Nations *Global E-Government Readiness Report 2005* (<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan019207.pdf>) for a listing of all countries and a comprehensive analysis of worldwide e-readiness.

- Improving human resource development and management, with particular attention given to recruitment, selection, placement, training, incentive and remuneration policies;
- Institutionalizing processes and mechanisms that will ensure public sector transparency and accountability;
- Establishing an enabling environment for private sector development and concrete mechanisms for attracting increased foreign direct investment.

2.3 Governance Challenges and Priorities in the Western Balkans

Most of the Western Balkan countries, including Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Turkey¹², share historical ties and a common political background, and all seven countries are striving to reinforce their European identity and pluralistic orientations. Government reforms have been developed and implemented within very different contexts and timeframes, however. Turkey has been preoccupied with State-building and modernization since the second decade of the twentieth century, while Albania and most of the former Yugoslav republics initiated major reforms in the 1990s and are still in a transitional phase, essentially reinventing the State and consolidating the new political and socio-economic order.

With the collapse of the Soviet Union, the conclusion of the cold war, the disintegration of the Socialist Federal Republic of Yugoslavia, and the end of communist rule in Albania in 1991, the totalitarian socialist State model became obsolete in the Balkan region. The 1990s represented a period of intense difficulty as ethnic tensions spiraled out of control and fierce civil wars broke out, ending with the Kosovo war in 1999. The dramatic dissolution of the communist interventionist State, the desire of the Western Balkan countries to become part of the European Union, and the inexorable trend towards globalization have all influenced the changes in government systems, the redefinition of the role of the State, and the direction of administrative reform during the past decade. The prospect of EU membership represents perhaps the strongest motivation for government reform in the subregion; the development of market economies and the adoption of the pluralistic State model are prerequisites for integration, and the Western Balkan and Turkish¹³ Governments have pursued relevant strategies aimed at aligning their administrative policies and practices with those of the European Union. At present, Croatia, The former Yugoslav Republic of Macedonia, and Turkey constitute candidate countries, while Albania, Bosnia and Herzegovina, Montenegro and Serbia are designated potential candidate countries.

¹² Turkey straddles the Europe-Asia divide. It is not traditionally considered a Western Balkan country but is included in this group because it is more closely aligned with south-eastern Europe than with the Middle East in terms of development priorities and the challenges it faces in public administration and governance.

¹³ Turkey has been an associate member of the European Community since 1964 and confirmed its application for European Union membership at the Helsinki Summit in December 1999.

The seven countries under review are diverse in many ways, and the process of administrative innovation has been highly variable in terms of content, approach and pacing. However, international and regional cooperation in advancing the process of reform and improving the quality of governance is very important for all countries. The respective Governments acknowledge that peace and political stability are critical for the initiation, internalization, propagation, and continuation of administrative and institutional reforms, but have realized that efforts in all areas are mutually reinforcing. During the 1990s, improving governance and reforming public administration were at the bottom of most national policy agendas, as State authorities were focused on dealing with the effects and after-effects of war and achieving political stability. Economic crises, unemployment, social unrest and rising poverty rates required urgent attention. During the past decade it has become increasingly clear that administrative reform is not a separate objective to be pursued when all other priorities have been addressed, but rather a fundamental requirement for achieving success in all other areas of national development and reform. In other words, emphasis must be given to the establishment of a comprehensive reform framework in which all components are compatible and are implemented concurrently in carefully planned stages.

As mentioned previously, the seven countries under review have kept a fixed eye on Europe. The prospect of association with and eventual accession to the European Union has shaped the blueprints and benchmarks for State reform in the subregion. One of the most critical reform priorities has been aligning national laws, institutions and procedures with those of the EU and ensuring compliance with the *acquis communautaire*. The State has essentially been reinvented as its role, foundations, constituent elements, functions, norms and value systems have been revised. The transformation process has not been easy; the totalitarian legacy and recent political instability have multiplied the challenges accompanying State rebuilding and consolidation. Practical obstacles to reform have largely derived from excessive State centralization, bureaucratic politicization, the inconsistent application of the rule of law, the absence of transparency and accountability, and the seriousness of the economic situation (which has, among other things, contributed to increased emigration and significant brain drain).

Not surprisingly, the countries that embarked on the process of administrative innovation well over a decade ago are further along in their reform programmes than are those compelled to wait until the beginning of the new millennium, when a measure of peace and stability had been achieved. Croatia initiated reforms in 1993 and has achieved far more than a number of other Western Balkan countries in terms of modernizing public sector management, strengthening Government-citizen relations, simplifying administrative procedures, and increasing transparency. At the other end of the spectrum, Serbia and Montenegro have experienced a succession of events that have sequentially interfered with the reform process: war and international isolation prevented the implementation of major reforms until 2001; the formation of the State Union of Serbia and Montenegro in 2003 presented a new set of challenges under circumstances that were quite unique; and the separation of the two entities into independent States in 2006 made it necessary for each to essentially build new systems of governance from the ground up. Serbia and Montenegro have been given an exceptional opportunity to direct the course

of their development, and each has made admirable progress in the past year, particularly in establishing a constitutional framework. However, because they must still build all the necessary foundations for governance, they have much further to go than their neighbours in effecting administrative innovation. At various points between these two extremes are the other countries under review; in Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, and Turkey, the strongest waves of State reform were initiated in the late 1990s and have gained momentum over the past decade. These countries have made unequal though generally notable progress in the areas of democratization, decentralization, economic liberalization, and institutional restructuring and reorganization. Across the subregion, the most significant gains have been achieved in the revision of legislative frameworks.

The alignment of constitutional and legal frameworks with the *acquis communautaire* has remained a major reform objective in all seven countries under review and has been given considerable attention by national authorities. The areas of greatest emphasis within this context represent an indication of the most important administrative reform priorities within the subregion, which include decentralization, civil service development, procedural simplification, the control of corruption, the adoption of codes of conduct, the institutionalization of transparency and accountability, the protection of ethnic minority rights, and the achievement of gender equity. The attention focused on various aspects of reform and the degree to which the respective reforms have been achieved vary widely both within and between countries. Interestingly, there are even significant disparities between Serbia and Montenegro, which until recently were members of a State union; Serbia is establishing a framework law governing the status of civil servants, while Montenegro has embarked on a comprehensive revision of the legal framework for public administration and actually runs the risk of overregulation.

The paragraphs below provide a number of observations with regard to the areas of priority mentioned above, highlighting achievements and challenges.

Decentralization and increasing citizens' participation in governance are key reform objectives in all seven of the countries in the Western Balkans. However, because of the wide disparities in historical approaches to governance and the nature of centre-periphery relations, each country has addressed this set of reform priorities quite differently. Albania and Turkey had a long tradition of centralized governance, while the former Yugoslav republics were part of a decentralized federal State system from the 1960s onward. The collapse of the Yugoslav federation and the series of conflicts in the 1990s led to the centralization of public sector entities, resource allocation and decision-making. Virtually every country in the subregion adopted the European Charter of Local Self-Government as the framework for national decentralization; the Charter provides for the devolution of authority to local administrative entities and the increased participation of citizens in the conduct of public affairs. As mentioned above, decentralization has been approached differently by every country, and the internal obstacles and degree of institutional resistance have varied as well, so progress in this area of reform has been somewhat uneven. Albania and Croatia, for example, have made great strides in State decentralization, while in Turkey there is much yet to be done.

Human resource development and management represent a critical component of public administration reform, and innovations in these areas are vital to improving the quality of governance. Political instability, harsh economic conditions, the dissolution of a number of public sector bodies, and the devaluation of local currencies led to massive unemployment in the subregion; the civil service lost some of its most qualified staff as many were compelled to emigrate in search of a better life. Most Balkan countries have experienced a significant brain drain, and there is an urgent need to generate increased interest in public employment and develop a solid human resource base so that the most essential foundations are in place to modernize public administration and improve overall efficiency.

One major challenge all countries must address is the lack of a competitive public sector salary scale. Poor remunerative packages and substandard working conditions often discourage good candidates from entering public service; the private sector typically offers far better pay and incentives. Governments are aware of the gap but can do little to solve the problem owing to State budget limitations. At present, reform efforts are focused on improving staff capacities and qualifications and strengthening professionalism. The countries under review have relied heavily on international assistance, mainly from the EU and the United States, in the formulation and implementation of human resource development and management initiatives. Programmes have been adopted to ensure the provision of continuous training to civil servants. However, the quality and effectiveness of such programmes has been called into question; the most common concerns relate to the inadequate outcomes of foreign consultancies, the absence of comprehensive training strategies based on actual needs assessments, and the incongruity between training activities and actual work requirements.

ICT integration in State operations and the establishment of a comprehensive system of e-government constitute a top reform priority for the Western Balkan countries and the international development agencies supporting their reform efforts. The progress achieved within this framework is linked to levels of investment and commitment but is also dependent on overall e-readiness at the national level. Croatia and Turkey are respectively ranked 47th and 60th in the *Global E-Government Readiness Report 2005*, followed at some distance by Serbia and Montenegro (156), Bosnia and Herzegovina (84th), The former Yugoslav Republic of Macedonia (69th) and Albania (102th). E-readiness reflects not only the extent of informatization in public administration but also the e-literacy of the population at large and the quality and sophistication of the ICT infrastructure. In Albania, only 3.9 per thousand residents were Internet users in 2004, compared with 180 per thousand in Croatia and between 26 and 73 per thousand in the other countries under review. Albania's lack of e-readiness also derives from the poor condition of the physical infrastructure throughout the country. Within the subregion as a whole, e-government development has proceeded relatively slowly; in most countries the ICT infrastructure is not yet well developed, and sectoral investment has remained low, but the most serious obstacle has been the lack of a comprehensive vision and strategy for public sector digitization. It must be emphasized that the Governments of the subregion

are unlikely to achieve significant progress in this area of reform until they are ready to take full advantage of private sector expertise and resources.

The seven case studies indicate that the respective Governments are committed to introducing innovation in public administration and improving the quality of governance. They are motivated by the desire to achieve regional and international integration, but their primary goal is to establish firm foundations for national development and create a better life for citizens. The countries of the subregion are characterized by significant differences, but their administrative reform priorities are very similar; it is generally agreed that the most urgent items on the reform agenda include the following:

- Building, consolidating and restructuring State institutions;
- Facilitating decentralization and increasing citizen participation in public affairs;
- Increasing investment in human resource development and improving civil service policies;
- Institutionalizing and enforcing professional codes of conduct and strengthening the official commitment to fighting corruption and ensuring the consistent application of the rule of law;
- Placing citizens at the centre of reforms and improving the quality and efficiency of public service provision for both individuals and investors.

3. Concluding Remarks

Although the countries of the Mediterranean region present significant differences in terms of institutional development, human resources management; decentralization; e-government strategies; transparency and accountability, it is interesting to note that making government institutions more efficient and responsive to people's needs is a priority in the government agendas of the Middle East, Northern Africa, and Western Balkans. Some countries have been able to achieve tangible results in the past few years while others are still grappling with the legacy of the past. However varied the picture is, the countries of the Southern and Western Mediterranean region have been making great efforts to innovate their public administration systems and the United Nations Public Service Awards won by some of these countries is a testament to their achievements.