

European Commission - Speech - [Check against Delivery]

**Remarks by Director Simon Mordue at the EPC Policy Dialogue "Getting the fundamentals right – Public administration reform in the Western Balkans"**

Brussels, 16 June 2015

Deputy Prime Minister, colleagues, ladies and gentlemen,

I am very pleased to participate in today's meeting and discuss the importance of public administration reform in the enlargement process. The Commission's views are well outlined in last year's enlargement strategy. We consider public administration reform as one of the key pillars of the enlargement process together with rule of law/fundamental rights and economic governance.

The importance the Commission attaches to Public Administration reform is not new. In the 1995 Madrid European Council the EU Heads of State and Government stressed that candidate countries need to ensure administrative capacity for implementation of EU legislation.

In retrospect, for many countries which joined the EU since the Madrid criteria were put into place, their primary aim was often on becoming a Member State rather than benefiting from being a Member State. The weaknesses many Member States still face in absorbing EU Structural Funds are a clear indication of this. What was less understood at the time is that administrative capacity in specific areas cannot be sustainable unless the civil servants and experts have a merit-based career path, receive a reasonable salary, have the right tools for policy planning and budgeting, and are encouraged to ensure regular coordination with other institutions.

Building on these lessons learnt the Commission has made concrete proposals in last year's enlargement strategy on how to address public administration reform more systematically. This approach has three main aspects:

**First**, we now frame our discussions and work on public administration reform on six core areas: Public Administration Reform strategic framework; Policy development and

coordination; Human resources management; Accountability of administration; Service delivery to citizens and businesses; and Public financial management.

This framing helps to highlight the comprehensiveness and complexity of public administration reform: It is equally about the internal functioning of an administration – I mean by that its capacity to develop, budget and coordinate policies, to apply the merit principle for recruitments and dismissals, to ensure a transparent and reasonable wage policy, to manage taxpayers' money responsibly – as well as about the administration's dealings with the outside world – its accountability, transparency and ability to deliver services to citizens and businesses.

**Second**, we are gradually introducing a more structured policy dialogue with all Western Balkan partners. We do this in the context of the Special Groups on Public Administration Reform, which have been set up in the framework of the Stabilisation and Association Agreements in most countries. A Special Group meeting just took place in Serbia last Friday [June 12], and I understand that you Deputy Prime Minister were personally very much involved and ensured political endorsement of the conclusions.

Deputy Prime Minister,

I would like to thank you for your strong personal commitment to Public Administration Reform, and the dedication of your services in promoting the development and implementation of policies across all PAR-related areas. I take the opportunity to congratulate you on the adoption of the Serbian Public Administration Reform Action Plan in March 2015, following a comprehensive consultation process. Your strong personal commitment, together with political support at the highest level, will be crucial for the implementation of the measures foreseen in the action plan, and is more broadly a key of success.

**Third**, we are paying very much attention that political commitments made by countries will be followed up in different fora, including in the Stabilisation and Association Councils and in the context of the accession negotiations. The forthcoming enlargement package will also ensure even more focus on public administration reform. We will ensure that the same key issues are covered in all the country reports and that we have a more

rigorous basis for assessing where each country stands in its reform process. We want to improve comparability so as to give clearer direction to countries on what remains to be done.

This new approach will be made possible because over the past year we have developed a new assessment tool.

Over recent years, the Commission has worked closely with OECD/SIGMA to define Principles of Public Administration. They are based on the universal principles of good governance, international standards and partially also the *acquis*. The Deputy Secretary General of OECD stated very well in the conference last November that the Principles outline the basic requirements, which a well-functioning public administration should have in place, not what some would describe as the “nice to have”.

SIGMA has recently finalised the first baseline assessments in each enlargement country according to these principles. The assessments give valuable input for those countries that are either preparing or re-focusing their reform strategies. They also help to focus policy dialogue in the Special Groups. And they support designing our IPA assistance programmes, be it in the form of sector budget support, technical assistance or twinning projects.

Economic development in the Western Balkans is not possible without public administration reform. The same also applies to a number of Member States. The economic crisis has forced many of them to address public administration reform more systematically. In the European Semester Process, which aims to enhance Europe’s competitiveness, modernising public administration is one of the five key priorities.

The key dilemma many governments are however facing is well noted in today's agenda: How can governments reconcile between the need for public administration reform and the need for fiscal consolidation at the time of economic and fiscal crisis?

The governments which are confronted with lower public revenues and high public debt are typically inclined to respond with pay cuts, hiring freeze or staff layoffs, cancelling of planned programmes and cutting funding for existing programmes. This is however not without risks. Short-term savings may end up costing more in the long-term. Whereas

"right-sizing" of an overblown public administration is necessary, it is a very different issue if the core capacity of public administrations to work effectively is undermined. Growth and economic development cannot be achieved if the capacity of public administration to work effectively is undermined.

A good example that illustrates the links between economic development and public administration reform is the new Economic Reform Programme which all the Western Balkans countries submitted to the Commission in January. The economic reform programme is an integral part of Commission's new approach on economic governance. It is expected to provide efficient policy responses to economic challenges and present concrete reform measures that will not be only supported from the national budget but also through IPA assistance.

The economic reform programme is however as good as the policy development and coordination structure in the public administration. The programme can present the right mix of structural reform measures and address the key challenges only if it is well coordinated among key stakeholders, if it is developed on the basis of solid data and indicators, if it includes budgeted policy plans, and if it has been consulted with all concerned representative bodies and interest groups.

In short, a credible economic reform programme requires a well organised and strong public administration to prepare and implement it!

In the October enlargement package we will also ensure more comprehensive assessments, focusing on the same key issues for each country.

The experience with previous enlargements shows that public administration reform may require a few attempts. It needs time.

What is clear however is that those countries that are willing to engage in public administration reform early on, will have a better basis to tackle other challenges, for example in economic governance, rule of law and different negotiation chapters. They will also ensure better credibility in their accession process.

Thank you for your attention.