

TRADE POLICY GOVERNANCE THROUGH  
INTER-MINISTERIAL COORDINATION

A SOURCE BOOK FOR TRADE OFFICIALS AND  
DEVELOPMENT EXPERTS



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AND DEVELOPMENT EXPERTS

by Raymond Saner

*Diplomacy Dialogue and CSEND-Geneva*



DORDRECHT  
2010

*Cover illustration / Design:*

This book is printed on acid-free paper.

Library of Congress Cataloging-in-Publication Data

hardbound      ISBN    978-90-8979-022-4  
paperback      ISBN    978-90-8979-021-7

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St.Louis, MO

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## TABLE OF CONTENTS

Foreword by Dr. Evelyn Glättli	vii
Foreword by Dr. Luzius Wasescha	ix
Preface	xi
Acknowledgements	xv
List of Boxes, Figures and Tables	xvii
List of Abbreviations	xix
1. Introduction	1
2. Concepts and Theories	7
3. IMC in OECD Countries	23
4. IMC in the Developing Countries	45
5. IMC in Transition Countries	67
6. IMC in the Context of Trade, Environment and Governance	75
7. Case Studies in Trade Policy Formulation and IMC from Eastern Europe and Central Asia	85
8. Policy Recommendations	129
9. Summary and Conclusion	139
References	143
Annex 1. Annotated Bibliography	151
Index	255



## **FOREWORD BY DR. EVELYN GLÄTTLI, DIRECTOR OF SCOPES PROGRAMME**

This publication provides insights into the results and achievements of a joint research project carried out in the framework of a scientific cooperation programme between Eastern Europe and Switzerland called SCOPES. The title of the research project was “Inter-ministerial Coordination of Trade Policy at Central Government Level in Macedonia and Kyrgyzstan.” It was started in 2005 and ended in the fall of 2008. The author of the publication was the Swiss coordinator of the research project and his research partners were Gordana Toseva and Aleksandar Sahov from Macedonia (FYROM) and Aziz Atamanov and Roman Mogilevsky from the Republic of Kyrgyzstan. The research team published their initial findings in 2008 under the title “Government Governance (GG) and Inter-Ministerial Policy Coordination (IMPC) in Eastern and Central Europe and Central Asia” (*Public Organization Review*, Spring 2008). Following this publication, the Swiss project coordinator wrote this source book in order to provide trade officials and trade and development experts with valuable insights and references pertaining to trade governance and inter-ministerial policy coordination.

The Swiss National Science Foundation (SNSF) has created two research programmes which offer opportunities for research cooperation. The first offers funding for young researchers from developing countries in order to enable them to cooperate with Swiss researchers. The second programme offers similar cooperation opportunities for young researchers from Eastern Europe and Central Asia; it is called SCOPES. Since 1990, the Swiss National Science Foundation (SNSF) and the Swiss Agency for Development and Cooperation (SDC) have been implementing such cooperation programmes in Eastern Europe and Central Asia. Hundreds of joint research projects and smaller activities have been supported in the framework of the SCOPES programme in the last 20 years. The programme was started in order to promote scientific research in transitional countries and in order to prevent a ‘brain drain’ from taking place. It has also helped the countries of Eastern Europe to expand their research capabilities and to achieve international standards in science. For some of the research groups in Eastern Europe who take part in a SCOPES project, it is their first experience with international cooperation.

The SCOPES programme aims to initiate research partnerships in which scientists in Switzerland and Eastern Europe collaborate on a

## FOREWORD

specific topic. For Eastern European researchers, it is a unique opportunity to exchange knowledge and ideas with their Swiss colleagues, to familiarize themselves with modern techniques and equipment, and to learn about best practices in the management of scientific projects. Such cooperation eliminates the isolation the Eastern partners have found themselves in and enables them to upgrade their technical equipment. Research cooperation is particularly important in the field of humanities and social sciences because in many countries in Eastern Europe, these disciplines have been biased by their former political systems.

Most of the projects take 2-3 years. The partner teams work at their own research institutions, but funds are available for visits and stays in partner countries. The project consortia are relatively small; this enhances trust building and enables those involved in them to learn international cooperation on a small scale. It also makes learning to improve their management skills easier. Although extensive reform of the existing scientific systems does not result from the small, short-term projects, they do result in skilled people who are capable of implementing larger changes in their environments. On a scientific level, these cooperation projects are very important to opening up old structures and perspectives and accelerating modernization in Eastern European countries.

The results of completed research projects can be made available to the public at large through dissemination projects such as this source book which summarizes findings of the research project while at the same time adding additional information related to the research topics. Such additional dissemination is made possible by Valorisation Grants which are part of the SCOPES programme. This source book is an example of what a valorisation grant can make possible within the SCOPES programme.

Based on its positive experiences with SCOPES, the SNSF is planning to continue both the cooperation programme as well as the programme focusing on research partnerships with developing countries ([www.snf.ch](http://www.snf.ch)).

Dr Evelyne Glättli, *Director, SCOPES – SNSF*

**FOREWORD BY DR. LUZIUS WASESCHA,  
SWISS AMBASSADOR TO WTO**

The more we devise plural disciplinary approaches to international trade, the more inter-ministerial coordination will be needed. Professor Raymond Saner has provided us with a useful source book containing the concepts and tools we need to cope with the challenges of coordinating trade policy within our governments.

Already in the former GATT, we required thoroughgoing cooperation between the ministries and government agencies responsible for trade policy and customs. While trade policy is a tool used to optimize trade opportunities, customs policy is a means of creating revenue for many ministries of finance. The Uruguay Round has given the world economy access to further markets but it has also generated a lot of potential for inter-ministerial frictions.

An organized dialogue between trade policy and all regulators at the governmental and sub-national level is desired by services and hence this needs to be co-ordinated. Cooperation between the WTO/GATT and the IMF was already foreseen in GATT 47 (Art. XV) for trade and finance and special safeguards (Art. XII and Art. XVIII) were negotiated for the balance of payments. Similar cooperation is desired at a national level. Cooperation between trade and national regulators of intellectual property also needs to be built up. Regulators of national agricultural policies do not necessarily share the liberal vision found in trade policies. The objectives of trade and development policies are not always synchronized and harmonious. Learning from one another is essential. The same goes for trade and environment and trade and core labour standards. Political will, negotiation skills and the organizational capabilities required to build up these processes are needed. A permanent and constructive dialogue is also required between trade policy representatives, interested parties in the economic sectors, and NGOs.

The present source book is a very timely publication as it provides ample resources for further developing the coordination mechanisms and skills we require. Feedback from its readers will be useful to further developing the concepts and tools contained within it and will be beneficial to the whole community of trade officials and trade development experts.

*Dr Luzius Wasescha, Swiss Ambassador to the WTO and EFTA Former Coordinator and Chief Negotiator of the Swiss Team in WTO Negotiations*



## PREFACE

The goal for writing this source book was to identify the conditions which facilitate or hinder efficient and effective trade policy coordination in developing, transitional and developed countries and which negatively or positively impact international trade negotiations in these countries on bilateral, regional and global levels.

The study also aimed to identify the underlying causes for inadequate policy coordination in these countries at these levels. Such causes could, for example, be the lack of administrative coordination and consultation mechanisms, deficient administrative law and procedures, absence of public management competencies and so forth.

Conversely, the study also aimed to identify positive scenarios of policy mechanisms – that is, examples of best practice – and the related enabling organizational and institutional factors of inter-ministerial policy coordination that demonstrated a positive impact on a country's trade negotiation capability.

The understanding of this research project was that identifying both positive and negative policy coordination would enable us to provide valuable insights for developing and transitional countries facing similar difficulties. Such insights would moreover help donor countries adjust their technical cooperation programmes in order to support positive scenarios of policy coordination mechanisms.

Hence, the research project's goals were to identify those best practices which had been deployed in trade policy coordination and to examine the institutional barriers preventing effective and efficient coordination from taking place.

Beginning in October 2005, three NGOs from various parts of Europe and Western Asia began a project which was to identify those conditions in small transitional economies which facilitate or hinder efficient and effective trade policy coordination and which impact negatively or positively international trade negotiations in these countries at bilateral, regional and global levels and then specifically in Macedonia and Kyrgyzstan. The research project was supported financially by the SCOPES department of the Swiss National Research Fund.<sup>1</sup>

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<sup>1</sup> The research project was financed by the Swiss National Sciences Foundation's department called Scientific Co-operation between Eastern Europe and Switzerland (Scopes) and lasted from 2005-2008. This source book is part of the valorisation phase of the SCOPES project.

## PREFACE

The three organizations participating in this study were the Centre for Research in Economic Development and International Trade (CREDIT), Macedonia; the Center for Social and Economic Research, Kyrgyzstan (CASE) and the Centre for Socio-Economic Development (CSEND), Geneva, Switzerland.

The SCOPE project was concluded successfully and an initial article entitled “Government Governance (GG) and Inter-Ministerial Policy Coordination (IMPC) in Eastern and Central Europe and Central Asia” was published in *Public Organization Review*, April 2008. It was co-authored by all of the project’s partners, namely: Raymond Saner, Gordana Toseva, Aziz Atamanov, Roman Mogilevsky and Aleksandar Sahov.

Successfully publishing their findings in a mainstream, peer-reviewed journal was an encouraging first step for the project’s participants. However, the publication captured only part of the SCOPES project’s findings. A lot of very important data collected over the project’s three years could not be included due to the limitations of space typical of professional academic journals. Hence, the idea arose to collect the project’s substantial findings into a source book.

The theme of the SCOPES research project is highly relevant to WTO-related negotiations and to transitional and developing countries’ efforts to ensure the efficiency and effectiveness of their governments’ policy-making capabilities. The research team collected data which describes how trade policymaking is being organized in industrialized countries. At the same time, it shows how inadequately organized and managed trade policy-making is in transitional and developing countries.

Hence, the goal of this source book is to make available the research data and insights gained into inter-ministerial coordination of policy-making in general as well as that gained into trade policy-making in particular. The intended audience for this source book are (a) trade officials and government representatives of transitional and developing countries working in Geneva at the international, trade-related organizations such as WTO, UNCTAD, ITC, (b) the trade-related NGOs and (c) government officials in these respective countries responsible for organizing governance structure and processes dealing with trade policy-making and inter-ministerial coordination of trade policy-making.

Scholars interested in this important trade governance topic, too, will be able to benefit from the data and analysis; they will be able to conduct secondary data analysis on the information. Academics, teachers, trainers and consultants specializing in this field of knowledge will be able to make use of the information found in this publication as well as that provided during the seminar held in Geneva in March of 2009.

## PREFACE

The sourcebook consists of initial chapters which introduce the theme of inter-ministerial policy coordination in the context of trade policy-making and which summarize main contributions to the theory of inter-ministerial policy coordination; it follows with examples of trade policy-making and general inter-ministerial policy coordination from different parts of the world. Following the section containing recommendations and conclusions, an annotated bibliographical summary of publications relevant for IMC and trade policy-making has been added. The annotated bibliography has been included to help scholars obtain an overview of literature relevant to their own research.



## ACKNOWLEDGEMENTS

This book has evolved over several years and has benefitted from multiple inputs by various colleagues and staff who contributed to this guidebook at various moments and in different capacities. Foremost in the line of contributors are Gordana Toseva and Aleksandar Sahov from CREDIT, an NGO from Skopje, Macedonia and Aziz Atamanov and Roman Mogilevsky from CASE, an NGO from Bishkek, Kyrgyzstan. In 2005, the four accepted my invitation to join me on a research project which focused on Inter-ministerial Trade Policy Coordination in Eastern Europe and Central Asia. The project scope was later enlarged to include Inter-ministerial Policy Coordination in general, its theoretical roots and its application in various countries. I am grateful for their contributions. I am also thankful that they agreed to enlarge the initial research scope of the project and decided to expand on the various findings resulting from it. Due to competing assignments and projects, they could not join me on this book project but wished me success with it. I am honoured to have worked with them and appreciate their best wishes.

Additional researcher was Yulia Mironova from CASE who participated in the first research meeting and Vladimir Rakov, independent consultant to CSEND, who contributed to the development of the research design.

Other people have added to chapters of this book. They have been acknowledged in the sourcebook wherever their contribution was included. For instance, there were scholars and experts in the field of ICM who gave me permission to use excerpts from their publications; they were: Professor Les Metcalf, former faculty member at Bocconi University in Milan; Dr Book Boyer of UNITAR, Geneva; the Geneva Resource Centre of CUTS, Jaipur-India; the Interamerican Development Bank, Washington; and the World Trade Organization in Geneva.

Current and former staff members at CSEND also supported this project in different capacities. Two former research assistants helped. Olivier Naray contributed to the section on IMC in Switzerland, and Ricardo Guilherme assisted me in analysing the connections between trade capacity building and trade governance. My partner, Dr Lichia Yiu, gave me continuous feedback and comments based on her in-depth knowledge of public administrative reform and the functioning of the governmental coordination mechanism.

#### ACKNOWLEDGEMENTS

Very valuable support was provided by former and current CSEND associate staff members. In the early drafting stage of this book project, Allison Meyer made significant contributions and Frances Smith and Charlene Chan provided English language editing wherever the text needed streamlining. Nicolas Velebit did useful background research on the Swiss IMC situation.

Special thanks go to Dr Evelyn Glättli and her team at SCOPES (Scientific Co-operation between Eastern Europe and Switzerland) located in Berne, Switzerland. I am grateful for the financial support provided by SCOPES but also for the timely and helpful advice I always received. This ranged from research project design right on down to ways of successfully overcoming administrative hurdles such as visa applications, grant payments and project costing.

Along the theme of this sourcebook, a lot of coordination was necessary to get this book completed. I would like to thank all those who contributed in various capacities to making this project come to fruition and I sincerely hope that the sourcebook will be of use to those who need to understand and improve on their respective country's trade governance competence and capacity.

## **LIST OF BOXES, FIGURES AND TABLES**

### LIST OF BOXES

- Box 1: Next Step agencies
- Box 2: Bulgarian ‘Councils’
- Box 3: Legislative rules in Slovakia
- Box 4: Coordinating committees
- Box 5: RIA in Switzerland: Five key criteria
- Box 6: Guidelines for financial market regulation
- Box 7: RIA in the legislative procedure: The Swiss case
- Box 8: Brazil and the FTAA
- Box 9: Romania
- Box 10: Slovakian reform
- Box 11: Slovenian amendments

### LIST OF FIGURES

- Figure 1: Regulatory Impact Analysis
- Figure 2: Chile’s split-level system
- Figure 3: Tariff reduction in Chile
- Figure 4: Consultation process
- Figure 5: Advisory Commission on Policy and Program Coordination
- Figure 6: Environmental IMC Organization
- Figure 7: Sustainable development and IMC
- Figure 8: Executive trade policy coordination in a developing country
- Figure 9: Trade policy process for developing and transition economies
- Figure 10: Trade policy dialogue and consultation process

### LIST OF TABLES

- Table 1: Linking trade policy-making with relevant stakeholders
- Table 2: Trade policy-making and IMC in ASEAN
- Table 3: Institutional arrangements of policy making in 5 African countries
- Table 4: EBRD transition indicators



## LIST OF ABBREVIATIONS

ADB	Asian Development Bank
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
ASRP	Agricultural Sector Reform Program
CASE	Center for Social and Economic Research
CBE	Coordinative Body of Experts
CBM	Coordinative Body of Ministers
CEE	Central and East Europe
CEECs	Central and East European Countries
CEFTA	Central European Free Trade Agreement
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
CoM	Council of Ministers
CREDIT	Center for Research, Economic Development and International Trade
CSEND	Centre for Socio-Econ-Nomic Development
CTO	Chief Technical Officer
DDA	Doha Development Agenda
DTI	Department of Trade and Industry
EBRD	European Bank for Reconstruction and Development
EFTA	European Free Trade Agreement
EMCDDA	European Monitoring Centre for Drugs and Drug Addiction
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
EU	European Union
FC	Federal Council
FCh	Federal Chancellery
FDI	Foreign direct investment
FFA	Federal Finance Administration
FOJ	Federal Office of Justice
FTA	Free-trade agreement
FTAA	Free Trade Area of the Americas
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product

## LIST OF ABBREVIATIONS

GODEA	Government Office for Development and European Affairs (Slovenia)
GORTT	Government of the Republic of Trinidad and Tobago
GTZ	Gesellschaft für Technische Zusammenarbeit
IIC	Inter-institutional Committee (IIC)
ILO	International Labour Organization
IMC	Inter-ministerial Coordination
IMF	International Monetary Fund
IO	Intergovernmental organization
IP	Intellectual property
JICA	Japan International Cooperation Agency
JSCCIB	Joint Standing Committee on Commerce, Industry and Banking (Thailand)
KR	Kyrgyz Republic
LDC	Least Developed Country
MEAs	Multilateral environmental agreements
MEDT	Ministry of Economic Development and Trade
MERCOSUR	Mercado Común del Sur
MFA	Ministry of Foreign Affairs
MFPMR	Ministry of Food Production and Marine Resources
MITI	Ministry of International Trade and Industry
MoC	Ministry of Commerce
MoT	Ministry of Trade
MTBF	Mid-Term Budgetary Framework
MTI	Ministry of Trade and Industry
NADAC	National Agricultural Development Advisory Committee
NATO	North Atlantic Treaty Organization
NCIEC	National Committee for International Economic Cooperation (Vietnam)
NECSD	National Centre of Sustainable Development (Kazakhstan)
NGO	Non-governmental organization
NPM	New Public Management
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
PM	Prime minister
PRSP	Poverty reduction strategy paper
RIA	Regulatory Impact Analysis
SAA	Stabilization and Association Agreement
SEA	Secretariat for European Affairs
SECO	State Secretariat for Economic Affairs
SEE	Southeast Europe
SEEFTA	Southeast European Free Trade Agreement

LIST OF ABBREVIATIONS

SIGMA	Support for Improvement in Governance and Management
SGAE	Secrétariat général des affaires européennes
SME	Social market economy
SPM	Strategic Public Management
TACIS	Technical Aid to the Commonwealth of Independent States
TF-WAR	Task Force on WTO Agreement on Agriculture Re-negotiations
THA	Tobago House of Assembly
UK	United Kingdom
UKIE	Urząd Komitetu Integracji Europejskiej
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
WGI	World Governance Indicators
WGS	World Governance Survey
WIPO	World Intellectual Property Organization
WTO	World Trade Organization



## CHAPTER 1: INTRODUCTION

In general, comprehensive trade policy consultation involves four broad groups of relevant stakeholders. They are: 1) government ministries primarily responsible for trade policy-making and implementation; 2) other relevant government ministries and agencies; 3) the private sector; and 4) civil society organizations (CSOs).<sup>1</sup>

When analysing trade policy-making, all four broad group of stakeholders deserve one's full attention. Nevertheless, this source book focuses upon one specific stakeholder group, the government, and its ability, or lack of it, to organize inter-ministerial trade policy.

Reports from the field as well as relevant research literature indicate that, despite international efforts to provide support for trade capacity building, countries are often not able to improve their trade negotiation performance due to deficient policy coordination at the inter-ministerial level.

A recent study by CUTS about Kenya, Malawi, Tanzania, Uganda and Zambia found that all of these countries have government ministries primarily responsible for the development and monitoring of the implementation of trade policy, and they all have established various consultative mechanisms to consult with relevant stakeholders.<sup>2</sup>

However, upon closer analysis, the study also found that the roles played by the government ministries responsible for trade policy formulation and implementation in these five African countries fall into three broad categories: At the topmost level, there are ministries/government offices that provide direction and guidance for trade policy-making. Ministries that are responsible for trade policy formulation and for providing input into trade policy formulation constitute the middle level. At the bottom level, there are other ministries as well as field offices that are primarily concerned with the implementation of trade policy in their respective areas of jurisdiction with a certain overlap of functions. For example, a ministry primarily responsible for trade policy-making may also contribute to the process of general policy guidance and direction and is also responsible for monitoring its overall implementation.

Ministries responsible for trade are generally tasked with coordinating the functioning of consultative forums dealing with trade. However, given their limited human and financial resources, this can be

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<sup>1</sup> CUTS (2009), p. 12.

<sup>2</sup> CUTS, "Improving Ownership through Inclusive Trade Policy Making Processes", Geneva, 2009, p. 12.

CHAPTER 1

quite an uphill battle. These forums therefore often work on an *ad hoc* basis and take action when needed for a forthcoming trade negotiation, often at short notice.<sup>3</sup>

In general, trade policy formulation involves different actors and has features which must function as efficiently and effectively as possible. The various elements of trade policy-making are depicted below in Table 1.

<b>Features of Good Trade Policy</b>	<b>Key Elements in Good Trade Policy-making Process</b>	<b>Relevant Stakeholders</b>
Based on national development policy	Clear guidance/ directions from national development policymakers	National development policymakers (e.g., Ministry for Planning and Development, President's Office, Parliament, etc)
Linked with other governmental policies	Timely input and feedback from other government ministries/ departments	Other relevant government ministries/departments (e.g., those dealing with agriculture, employment and labour, finance, competition and consumer protection, education and health, etc.)
Linked with international commitments (to implement the commitments as well as to guide the positions regarding future possible commitments)	Timely input and feedback from relevant ministries and negotiators	Relevant ministries (e.g., Ministry of Foreign Affairs, etc.) and negotiators (e.g., dealing with the WTO and Economic Partnership Agreement – EPA negotiations)
Balancing the interests of all key stakeholders	Regular input and feedback from key non-state stakeholders	Key NSAs (e.g., representatives of the private sector, farmers, consumers, and the civil society)
Clear implementation plan with adequate resourcing	Articulation of implementation plan and commitment of the required resources	Relevant government ministries (e.g., Ministries of Trade, Finance, Planning) and donors (multilateral and bilateral)

*Table 1. Linking trade policy-making with relevant stakeholders (Adapted with permission from CUTS, GRC).*

<sup>3</sup> Idem, p. 14.

Successful trade policy-making requires effective and efficient inter-ministerial policy coordination. Knowing more about inter-ministerial policy coordination is a necessary precondition to understanding how IMC affects trade policy-making. For this reason, the following two chapters introduce the existing literature on inter-ministerial policy coordination. Later chapters give examples of country-specific practice in trade policy-making based on effective or ineffective inter-ministerial policy coordination.

#### IMPORTANCE OF INTER-MINISTERIAL POLICY-MAKING IN GENERAL

Inter-ministerial policy-making, be this trade or other sector related, is an important competence for any government. Inter-ministerial policy coordination has many important ramifications for governments: Firstly, coordination can be used to eliminate programs which are redundant or which duplicate actions or regulations. Secondly, coordination is necessary for dealing with ‘cross-cutting issues’. In such cases, different client groups should be provided with services and programs that are comprehensive and integrated. Thirdly, the increasing international dimension of trade policy and the expanding membership in international organizations make coordination necessary. The use of coordination in these cases can ensure greater internal coherence in government. Fourth, low popularity of governments and coordination together are considered to be one of the tools which make government effective and efficient (Peters, 1998, p. 16).<sup>4</sup>

Administrative coordination is coordination which deals with the delivery and implementation of services; its orientation is often ‘bottom-up’. Policy coordination, on the other hand, focuses on the initial policy formulation; it is therefore often referred to as being ‘top-down’ in its approach. In order for a government to be truly effective, both forms must be used efficiently (p. 16).

Core executives and chief executive staff can be the loci for management of cross-cutting policy issues, but according to Peters, a more general strategy is to rely on central agencies, organizations which report to chief executives. However, if line ministers actually provide services, this can also be a source of conflict. Other examples of coordinating agencies are: cabinet committees, ministers without a portfolio or with an additional coordinating portfolio, or junior ministers. Junior ministers who have less

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<sup>4</sup> Peters, G. 1998. *Managing horizontal government: The politics of coordination*. Research Paper No. 21, Canadian Centre for Management, Development Minister of Supply and Services, Canada.  
Available from <http://www.myschool-monecole.gc.ca/Research/publications/pdfs/p78.pdf>.

## CHAPTER 1

power are more constrained in their realm of activity. Advisory committees, inter-ministerial organizations, working groups, task forces, and interdepartmental committees are all examples of structures which can influence coordination activities (Peters, 1996, p. 30).

In addition to the above-mentioned agencies, there also are processes which encourage organizations to examine the effect that their policy choices have on other organizations and on clients, as for example do budgeting, regulatory review and evaluation. Budgeting can impact coordination by assessing the costs and benefits of different programs. Moreover, senior officials can examine requests for expenditure by requiring those requesting expenditure to justify their costs. They can then create “collective priorities on public spending” (p. 39). Regulatory review is related to the process of issuing new regulations. During regulatory review, secondary legislation is reviewed by authorized agencies in terms for its coherence and compatibility with other programs. The evaluation involved can also be used as a tool for detecting program inefficiency resulting from a failure to coordinate. However, such evaluation is generally limited by its orientation towards single programs.

Informal organisations can also have a valuable impact on the coordination between parties, interest groups, or civil service networks. One of the impetuses for the formation of political parties – one of the most popular forms of ‘informal’ organization – is to be able to present a relatively integrated policy vision before taking office (p. 42).

Structural change cannot instigate behavioural change without assistance. Such assistance can come from political leaders, particularly those from the upper levels of government as this is a level which is less willing to take part in coordinating programs. The timing of coordination is crucial and practitioners should raise the question of how things will be coordinated at the appropriate time. Very often, informal methods, such as bargaining, can be more beneficial than formal organizational mechanisms for coordination (p. 48).

There are many ways to enhance and facilitate inter-ministerial cooperation. However, any structural changes or changes in processes made should be supported by people in the organisation at both the highest and lowest levels.

There are three main sources for the incoherence found in the IMC concept:

1. First, interest groups from the private sector have more power and their opportunities for influencing policy-making in the public sector are greater.

2. Second, institutional reform in major democratic systems has led to fragmentary governments (see Box 1) (Peters & Savoie, p. 282).<sup>5</sup> Moreover, private organisations are more often engaged in providing public services than governments are. Both of these factors contribute to a system requiring stronger central coordination efforts.
3. Finally, there is an inclination to give more influence to employees from the lower echelons in order to increase their accountability and enhance efficiency.

Box 1: Next Step agencies

“In the United Kingdom, there are instrumentalities known as Next Step agencies, otherwise known as executive agencies. They disaggregate large ministerial structures into a host of smaller organizations, each with enhanced autonomy” (Peters & Savoie, p. 282). Many other countries have experimented with this model including the United States, who termed them “performance-based organizations,” (Roberts – Performance) Canada, who adopted a limited version known as “special operating agencies” (Roberts – Public) Japan, and Jamaica.

A strong demand for coordination and control has continually emerged within governance. One of the most important problems related to this is the cutback made in services in the event of fiscal crisis. In such cases, decisions about priorities should be taken by central agencies or political leaders. Program budgeting cannot ensure the automatic selection of policies based only upon output and performance. This should be a political process, one in which members of the highest echelons in government are familiar with all of the policies and programs associated with multiple departments (p. 285). In addition to political will, another constraint is related to laws which are very rigid and difficult to change.

What follows is a more in-depth discussion of what scholars of inter-ministerial policy coordination have contributed to the field; it is based upon extensive research into various governments and organizations.

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<sup>5</sup> Peters, G. & Savoie, D. 1996. Managing incoherence: the coordination and empowerment conundrum. *Public Administration Review*. Vol. 56, No. 3, pp. 281-290.



## **CHAPTER 2: CONCEPTS AND THEORIES OF INTER-MINISTERIAL POLICY COORDINATION**

### **CLASSIFYING INTER-MINISTERIAL POLICY COORDINATION**

There are several ways to distinguish the various forms of IMC. One of these ways is to distinguish between vertical and horizontal coordination. Vertical coordination occurs when policy issues are discussed and decided upon within a hierarchical agency setting. Horizontal coordination is a mechanism for conciliation of activities between different ministries at the same level of governmental bureaucracy. It increases coherence and integration amongst the ministries and their policies. Horizontal coordination has recently grown exponentially in importance for the countries that intend to join the European Union.

Another way to differentiate IMC is by distinguishing between that which takes place at the centre of government and that which comes from the proliferation of issues, something which requires a multi-agency approach to policy-making and results in the creation of coordinating bodies. The former is highly regulated and it is characterized by a high level of institutionalization. The latter is fairly new and is therefore not clearly defined. Its legal source is found in the general provisions for coordination between administrative bodies. This form seems to be less sustainable, but sometimes a certain amount of informality can add to the cooperativeness and efficiency of the policy-making process (see Box 1).

Law-based coordination can be useful in terms of ensuring efficiency of governance especially for emerging democracies and transitional countries (see Boxes 2 & 3).

If IMC is a fairly new concept for a government, the rules of coordination are unlikely to be well-formulated. Then, the detail that is put into regulation is important to its credibility and its ability to enforce the relevant decisions and recommendations. Procedure is important to the proper functioning of every mechanism because it helps limit inefficiency and deadlock. Efficiency is also determined by the status, the treatment, and the legal power of the decisions made by the coordinating bodies.

Box 2: Bulgarian ‘Councils’

In the Bulgarian government, there are bodies called ‘councils’ which perform coordination, analysis, and information functions for a variety of issues. Though informal, they are increasingly utilized for discussion and coordination amongst members of the CoM on major policy issues before taking the problem to the full CoM. The councils are also intended for improving awareness and transparency of strategic priorities and to improve coordination amongst governmental sectors.

Box 3: Legislative rules in Slovakia

In Slovakia, legal rigidity is important. The only formal rules on policy making are contained in the Legislative Rules of the Government and Guidelines for Drafting and Presenting the Materials for Sessions of the Government of Slovakia, aka ‘Legislative rules’. These rules only recognize legal tools and ignore other tools for public policy. Such agreements may be useful to ‘transitional countries’ because governments tend to change with each election cycle, making coalitions unstable, but hopefully leaving legislation intact.

*Inter-ministerial Policy Coordination Theories*

To evaluate coordination policy, social scientists have developed different theories. The first, historical neo-institutionalism, postulates that the results of actions made by individuals are also influenced by various structural and institutional factors that comprise more than the individual can calculate or control (Beuselink, p. 7).<sup>1</sup>

The second theory, sociological neo-institutionalism, also known as socialized choice theory, places more emphasis on the use of institutions for coordinating purposes than historical neo-institutionalism does. This theory also stresses the importance of the relationship between organizations and their environments (p. 7).

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<sup>1</sup> Beuselink, E. & Verhoest, K. 2005. *Patterns of coordination in OECD-public organization: towards an understanding of underlying causes*. 21<sup>st</sup> EGOS-Colloquim: Unlocking Organizations. Berlin, Germany.  
Available from [http://soc.kuleuven.be/io/pubpdf/IO0206018\\_coordination\\_050601.pdf](http://soc.kuleuven.be/io/pubpdf/IO0206018_coordination_050601.pdf).

The third theory, rational choice neo-institutionalism, claims that certain rational, strategic actions, when performed by individuals, should lead to governmental efficiency (p. 12).

A fourth, 'contingency theory' states that organizations are effective if their organizational characteristics, such as the "nature of their primary task, political salience of tasks, budget weight, and number of agencies" all promote effectiveness (pp. 15-16).

The fifth, 'resource dependency theory' is similar to the theories of rational and social choice in that it states that organizations operate within an environment and its constraints, but that its actions are not entirely determined by these external forces (Hill, p. 4).<sup>2</sup> In this theory, governance can provide incentives for coordination. Studies have shown that the resource dependency theory is a better predictor of coordination than rational or social choice theory (p. 1).

#### *Policy Coordination*

Policy coordination is a more formal concept than 'cooperation' and it strives to make sectoral policies more consistent with one another. On the other hand, integrated policy-making is focused on providing one joint policy for all the sectors involved. In general, policy integration requires more "interaction, accessibility and compatibility" than coordination or cooperation do (Meijers, p. 5).<sup>3</sup>

Interpretative factors, such as values, attitudes, and perception, or contextual factors like decentralization, professionalism, geographic proximity, cost, or fragmentation of government, affect the success of policy integration. Integrated policy-making is a delicate process and it is beneficial to keep in mind that there is likely to be "a gap between the need for coherent policies and the capacity to achieve it" (p. 12).

There is no comprehensive IMC theory suggesting how to cope with the issue of networks. Conventional theory, which is based on hierarchical relations and characterized by complex tasks which can be divided into small components and treated separately, does not work in a

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<sup>2</sup> Hill, C. & Lynn, L. 2003. *Why do organizations collaborate? Empirical evidence from Chicago public schools*. Paper for the conference Association for Public Policy Analysis and Management, Washington.

Available from <http://www.pmrnet.org/conferences/georgetownpapers/Hill.doc>.

<sup>3</sup> Meijers, E. 2004. *Policy integration: What does it mean and how can it be achieved? A multi-disciplinary review*. Paper for the Berlin Conference on Human Dimensions of Global Environment Change, Berlin. Available from:

[http://web.fu-berlin.de/ffu/akumwelt/bc2004/download/meijers\\_stead\\_f.pdf](http://web.fu-berlin.de/ffu/akumwelt/bc2004/download/meijers_stead_f.pdf).

## CHAPTER 2

network structure. Therefore, development of a comprehensive theory for the emerging ‘networked world’ is crucial (O’Toole, p. 50).

Recommendations for public administrators operating in ‘networked world’ include:

- understanding that giving directives may not work in a network structure;
- conducting surveys to reveal the boundaries of your networks;
- being able to identify coordination points which serve the most interests and which connect all sections of the network;
- building trust among participants;
- shifting networks towards more supportive coalitions;
- establishing well-functioning arrays to decrease uncertainty and complexity (p. 50).

Metcalf (2004) lists the following levels in the policy coordination scale and describes the policy coordination as follows:

### *Levels in the Policy Coordination Scale*

#### 1. Independent Decision-making by Ministries

The lowest level in the policy coordination scale is independent decision-making by ministries. Each ministry retains its autonomy and can act independently within its own policy domain. Ministries rely on their own legal or political prerogatives and treat European policy-making as a functionally specialized activity. At first, this may not seem like coordination at all, but it must not be forgotten that the jurisdictions of ministries involve decisions about their respective domains and if there is ambiguity or unnecessary overlap among responsibilities, it is likely that instead of being able to formulate their own policy positions without reference to what others are doing, ministries will continually be involved in power struggles and ‘turf wars’ with one other. Level 1 defines the tasks to be coordinated within the ministries and if governments were all loosely coupled systems, there would be little or no need to develop a higher level of coordination between ministries. However, this is not usually the case.

#### 2. Communication with Other Ministries (Information Exchange)

Communication with other ministries is the first step which goes beyond independent action-taking by individual ministries. Here, exchanges of information take place ensuring that ministries keep each other up-to-date about what issues come up and what action each proposes to take in their own domains. This is not simply a routine. Aside from the technical

problems involved in designing communication networks, in inter-organizational relations, information is power. Ministries concerned with retaining their decision-making autonomy need to be counterbalanced by norms and conventions established by government which oblige them to inform other ministries of what they are doing. To satisfy this level of the scale, reliable and accepted channels of regular communication must exist. Ministries have to make sure that other ministries know what they are doing on a continual basis and in a variety of ways. More or less formalised information systems, computer networks and informal 'grapevines' are specific means of acquiring and reporting information. These processes of inter-organizational communication enable a system of government to operate on the basis of a more complete and reliable data base of knowledge than would be the case if each ministry generated and retained the information it needed.

### 3. Consultation with Other Ministries (Feedback)

At the next level of coordination, communication is two-way rather than one-way. As well as informing other ministries of what they are doing, individual ministries consult other ministries in the process of formulating their own policies. Ministries do not just send and receive information; they also respond to what they receive from their own standpoint. They give their views and provide advice and criticism. This process of influence can be quite extensive without infringing upon a ministry's autonomy. Such consultation provides a ministry with feedback from a variety of sources which it can then build into its own thinking and decision-making. Such consultation processes can moreover be very powerful in promoting a cohesive system of government by deepening mutual understanding of what the different ministries are doing, by enabling them to anticipate each other's responses and by establishing the habit of discussing issues prior to making firm commitments.

### 4. Avoiding Divergent Standpoints Among Ministries

Where different strands of policy interact, it is important from the standpoint of a national government that ministries do not adopt divergent negotiating positions. Coordination processes are needed to ensure that government 'speaks with one voice'. Level 4 coordination requires the development of mechanisms which preclude the open expression of divergent views among ministries which might weaken national negotiating positions. Before committing themselves publicly, ministries should clear their positions with other ministries. They do so by discussing their viewpoints and through direct contact prior to defining their policies and negotiating positions. Negative coordination such as this may not do more

than hide disagreements from outsiders. However, even papering over the cracks is an important means of pressuring officials to ‘get their act together’. If nothing else, it enables a government to give the appearance, in public, of being a united front and prevents it from giving the impression of suffering from internal disarray.

#### 5. Inter-ministerial Search for Agreement (Seeking Consensus)

Rather than settling for maintaining a united front and avoiding revealing differences in public, ministries may feel the need to work together more positively to achieve consensus on complementary policies (without the need at this level for common objectives). This fifth level is a more intensive, pro-active process of positive coordination than Level 4 (i.e. the ‘negative’ coordination cited above) is. Joint committees, working groups, project teams, consulting studies and research investigations are some of the ways in which an agreed basis for policy and negotiation can be established. This is still essentially a voluntary process in which functional ministries engage because they recognize their interdependence and perceive their mutual interest in resolving policy uncertainties and differences. At this level, conflicts are managed and resolved – in the process of coming to a consensus – rather than avoided or suppressed as they are in level four coordination.

#### 6. Conciliation and Mediation

Even if functional ministries seek to come to a consensus, a workable agreement may elude them. Resolving conflicts among ministries is not easy. There may be a good deal at stake in policy terms as well as in terms of organizational power and prestige. Sometimes even strenuous efforts to reach consensus fail to achieve a mutually satisfactory conclusion. There may be several reasons for being unable to agree. The issues may be too complex; ministries may be entrenched in long-held positions; concessions may appear to threaten fundamental interests and values; personal ambition may sharpen rivalries. Whatever the causes of stalemate, it may be that there is no way of arriving at a voluntary consensus by direct negotiation among ministries all of whom are interested parties. At the same time, there may be a reluctance to accept imposed solutions and no external authority capable of imposing one. After all, governments are not monoliths and in the context of coalition politics, there is likely to be reluctance to accept what appears to be a loss of control over the outcome.

Should this happen, there may be a role for a coordination process of a kind different from that already discussed. It involves a ‘third party’, another actor, in addition to the functional organizations directly concerned. This third party is a conciliator, mediator or ‘honest broker’ and is someone

who acts as a catalyst for the agreement which the organizations themselves are unable to achieve.

In these circumstances the intervention of a neutral third party, who has no material interest in the issues at stake, provides an alternative way of resolving problems and settling disputes. This third party role may be defined as that of a mediator or conciliator and the process may be viewed as conflict management or as problem-solving. Mediators may be able to broker an agreement by employing a familiar repertoire of strategies used to reformulate the problems or restructure the problem-solving process in ways that give priority to common rather than competing interests. Strategic interventions by third parties add an important new capability to coordination by preventing the degeneration of relations among ministries and promoting the constructive resolution of conflicts.

It is worth saying a little more about this subject. The neutral third party or 'honest broker' acts as an intermediary who unblocks processes and who facilitates the resolution of problems that ministries are unable to resolve by direct negotiation with each other. In specific contexts, the mediator role can be played by a 'lead' ministry. In European policy, it is often a role played by Foreign Ministries. More importantly though is that it does not involve the exercise of authority. Instead, it relies upon lubricating the process of joint decision-making among the ministries whose interests are directly at stake. In the end it is the ministries themselves that determine the outcome.

#### 7. Arbitration of Inter-ministerial Differences

Sometimes disagreements and conflicts between ministries are too deeply rooted for protagonists to back down voluntarily. Moreover, some high pressure negotiation situations, as found in the EU, require quicker decision-making than are likely to emerge from the coordination processes described so far. Where differences in inter-ministerial points of view cannot be resolved through the horizontal coordination processes defined by levels 2 to 5, or through conciliation, institutional arrangements for arbitration will be required. This is also a 'third party' role but it is unlike conciliation because arbitration provides for a means of resolving those conflicts which ministries cannot themselves resolve themselves. In fact, in arbitration the decision is taken out of their hands and the authority is given to the arbiter. Again, this is negative coordination because the process of arbitration is essentially a reactive response to specific problems that have remained unresolved by the lower level processes. The difference between Level 6 and Level 7 is analogous to the difference between settling out of court and going to court. The latter involves handing over the problem of

## CHAPTER 2

resolving disputes to a judge. More generally it means establishing and securing the acceptance of an arbiter who, in the case of disputes, decides.

### 8. Setting Limits for Ministries

Arbitration, as defined above, is a process of dealing with issues and problems which are not resolved by lower level coordination processes. It is more or less a case-by-case trouble-shooting function. But, the centre of government may play a more strategic steering role in the internal management of external relations. An important means of doing so is by setting limits within which all ministries are expected to work. At Level 8, coordination processes set general limits that define what ministries must not do, for example, using budget constraints or imposing limits on policy discretion thereby establishing parameters within which all ministries are expected to work. It proscribes actions beyond a certain range rather than prescribing in detail what should be done. The process of setting general limits may once more be regarded as negative coordination because it leaves ministries with a measure of latitude within an overall set of resource or policy constraints.

### 9. Establishing Governmental Priorities

The centre of government can play a more positive coordination role by laying down main lines of policy and establishing priorities. If it is to be done properly this high level coordination requires considerable depth of analysis and collaborative preparation. It is not simply the formulation of a party manifesto, a coalition programme or a governmental mission statement. Clear governmental priorities give a definite pattern and direction to the work ministries do and a clear set of expectations about how inter-ministerial differences should be resolved. Common priorities provide a coherent framework for ministerial and inter-ministerial policy formulation. At the same time, their formulation, elaboration and implementation depend upon the effective functioning of subordinate coordination functions. To repeat what has been said earlier, higher level coordination processes do not hang in mid air unsupported by lower level coordination processes (Metcalf, 2004, pp. 13-18).

### *'Good Governance' and IMC*

In development practice, the term 'good governance' is often used to refer specifically to a government's economic management. Donors should be sure to put emphasis on participation and transparency as well, despite the

difficulties it causes for cooperation (Weiland, 2006, p. 1).<sup>4</sup> Development interventions require favourable political conditions, effective and efficient public authorities, a respect for the rule of law, and the responsible exercise of power to achieve their results (p. 1). Unfortunately, the agencies responsible for providing aid have a tendency to place more importance upon the survival of their institution than on the promotion of good governance (p. 2).

The model for good governance promoted by the World Bank and the International Monetary Fund requires that government is able to manage its budget in an efficient manner and that it can set specific “political and financial incentives for the private sector” (p. 1).

Governance is basically a neutral concept that focuses on the way decisions are made in a government, whereas ‘good governance’ is a normative concept with a value judgment attached. It advocates cutting back the powers of the government in favour of business standards (p. 3).

International development agencies maintain that introducing good governance measures in developing countries will increase their rates of economic growth. However, case studies from developing countries show that these agencies “underestimate the time and political effort required to change governance, and overestimate the economic impact” (Goldsmith, p. 165).<sup>5</sup>

Studies show that increases in transparency, accountability, and participation are not a cause, but a result, of faster development. They also find that closed institutions may be best for rapid growth, as long as they become more open over time (p. 165). Improvements to governance can significantly increase per capita income in the long run, and can even have positive effects in the short run (p. 167).

Proponents of meritocratic bureaucracies, independent judiciaries, and honest elections have valid points, but these aspects of governance do not necessarily increase development by any great means. If most conditions are favourable, then even fairly objectionable institutions may be able to increase incomes. Good governance seems to be more effective in sustaining development than in creating it (p. 181).

Governance reform does not increase development quickly because of the time lags incurred in implementation in inefficient institutions. They are often filled with groups that create resistance in order to obtain specific benefits (p. 181).

<sup>4</sup> Weiland, H. 2006. The true meaning of good governance. *Magazine for Development and Cooperation*. Issue 8-9/2006.

<sup>5</sup> Goldsmith, A.A. 2007. Is governance reform a catalyst for development? *Governance*. 20(2):165-186.

## CHAPTER 2

The hypothesis that impaired governance sometimes supports development instead of smothering it is explained by the fact that patronage tends to encourage lax administration, but it also builds loyal political support, which can substantiate good governance for private investors. Clientelism and the exchange of lucrative favours can also add to political stability and a business climate (pp. 181-182).

The idea that growth enables good governance to flourish can be explained by the fact that open institutions are more likely to need higher amounts of human and financial capital to run successfully. Moreover, the demand for good governance is often associated with the middle class. Large, well-educated middle classes are associated with fast-growing economies in the long-run (p. 182).

Another hypothesis is that rapid development may initially create worse governance, which in turn may stimulate reform. This is based on the idea that if there are no limitations on politicians and business people's actions, then stronger economic growth will create greed amongst them. When this greed becomes public knowledge, civil society organizations may be inspired to work for "greater choice and accountability in governance". Some of their reforms will work, and those that do not may spur more reform in the future (p. 182).

Governance is a dynamic, continuous process. There is always a chance that reformed institutions may not have more efficient governance, even years into the future (p. 183).

Flawed policy process is the most significant factor in poor governance and is characterized by "little public consultation, hasty decisions [,] poor implementation capacity," tardy public debates", and a "large gap between written plans and strategies, on the one hand, and social realities on the other" (Ionita, p. 10).<sup>6</sup>

### CONDITIONS AND INCENTIVES FOR IMC

There are three main rationales for designing co-ordinated programmes linking ministries. The first rationale is to deal with "multiple and interrelated causes." The second rationale is creating an "economy of scale." The third rationale is related to the reduction of policy

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<sup>6</sup> Ionita, S. 2005. *Poor policy making and how to improve it in countries with weak institutions*. Available from <http://pdc.ceu.hu/archive/00002838/01/ionita.pdf>.

fragmentation. This issue is demonstrated by the example of eligibility criteria for different programs of social assistance (Serrano, 2003, p. 1).<sup>7</sup>

In spite of the fact that coordination is beneficial in theory, many scholars are sceptical about it. This scepticism is caused by the significant obstacles to coordination. “They stem from the fundamental properties of organizational systems:

- Individual government agencies seek to preserve their autonomy and independence.
- Organizational goals differ among collaborating government agencies.
- Organizational procedures are difficult to synchronize.
- Constituents bring different expectations and pressure to bear on each agency.
- Managers try to minimize the uncertainty of their environments but are less concerned with minimizing uncertainty for others” (p. 2).

Coordination is not a panacea and should be pursued only if it leads to better organizational performance or lower costs; there are alternatives to coordination if it is not the right approach.

Sequencing is an alternative to a simultaneous approach, in which issues are addressed one by one taking the critical linkages between them into account.

Reorganizing means creating or merging groups or changing the function of those groups (pp. 4-5). This tool can reduce duplication, but it is not always considered the most efficient.

The last alternative to coordination is competition. Competition can be achieved by creating incentives for leadership or resources among different government agencies. This tool is used for local governments and can lead to innovation and efficiency.

There are six main incentives for IMC and cooperation. The first incentive is financial advantage. Additional money can come from grants or from money saved through economy of scale. However, this incentive does not necessarily work, because an organization may feel that it has enough resources or because additional money does not ensure that organizations will commit to coordinating. The second incentive is problem-solving where cooperation improves the performance of organizations. Empirical

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<sup>7</sup> Serrano, R. 2003. *What makes inter-agency coordination work? Insights from the literature and two case studies*. Inter-American Development Bank. Sustainable Development Department: Washington.  
Available from <http://www.iadb.org/sds/doc/SOC%2DInteragencyCoordination%2De.pdf>.

## CHAPTER 2

studies show this to be the most effective incentive for IMC coordination (p. 8).

The third incentive is political gain obtained through IMC cooperation; it can bring prestige or power. The fourth incentive is related to professional values. In this case, cooperation and sharing experiences is desirable. The fifth incentive is reduction of uncertainty. The last incentive refers to legal mandates. This incentive is based on the laws which instruct agencies on how to cooperate. This tool is not effective in countries with an insufficient legal system.

The eight conditions for IMC coordination are:

1. Effective leadership;
2. Flexibility and discretion;
3. Building a common sense of purpose;
4. Participation by clients and beneficiaries;
5. Replacing a culture of bureaucracy with one of pragmatism;
6. Emphasizing negotiation and conflict reduction among partners;
7. Minimize political turbulence;
8. Limiting membership to the smallest possible number of participants (pp. 10-12).

Coordination tools have four basic strategies:

1. Communication and decision-making strategies, which include inter-agency task forces/Cabinet councils, a single council for several programs, and inter-agency liaisons;
2. Planning strategies, which include joint programming and planning, as well as common objectives and geographical boundaries;
3. Strategies for operational coordination, which include cooperative (non-financial) agreements, joint funding, joint purchase of services, and joint administration; and
4. Coordination at the service delivery level, which includes one-stop shopping or collocation, case-management, shared information services, and universal eligibility and referral mechanisms (pp. 12-15).

Constraints to improving policy management include low acceptance of the process, low authority, and low technical ability in institutions. According to Ionita, incentives are more of a problem than knowledge is, meaning that the problem cannot be solved with technical assistance. Efforts to increase accountability should be combined with capacity building. To measure the performance of civil servants, results

should be made public and pressure for change should be built up within the system (Ionita, 2005, p. 15).

#### PERFORMANCE AND IMC

For the last 50 years, a central issue for governments has been improving their performance. In this case, 'performance' refers to the yield or results of their activities in relation to the intended results (OECD, 2003, – Public, p. 2).<sup>8</sup>

Increasingly, governments are being forced to cut their spending, but they do not want to lose output. Therefore, they must find a way to get better results from the funds they have left. New ideas for reorganising and motivating civil servants better are being discussed. Traditionally, performance has been driven mostly through the "transcription of policy into law and regulation." The second most important motivation is the systems which ensure adherence to those regulations. The final motivation is an internal and cultural motivation. This system can deteriorate quickly if leadership is poor and the internal culture is not result-oriented (p. 2).

Formal systems of management are not always the most effective. The best forms of management succeed in internally motivating staff without formal measures, which are costly to use and eventually reduce internal staff motivation (p. 3).

Maximizing information does not always increase the quality of decisions made. Oftentimes, the official making a decision is busy and overwhelmed. In such cases, only the most important information is helpful (p. 4).

When collecting information on public sector performance, any formal system needs to be highly selective since the amount of potential information may be limitless. Performance information is only of value if it strengthens the performance of that culture (p. 4).

Performance is not a government's only interest. It also acts to protect governance values like fairness, equity and a public interest orientation. Performance is only important if it hurts public confidence in the government's abilities (p. 4).

Performance-oriented management, budgeting, and reporting are currently strong trends in OECD countries. Information on efficiency and effectiveness is considered an integral part of management now (p. 6).

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<sup>8</sup> OECD. 2003. *Public sector modernisation: governing for performance*. Public Governance and Territorial Development Directorate. Public Management Committee.

## CHAPTER 2

“There are four broad objectives for which countries adopt the formalisation of targets and measures in the governmental management process:

1. Managing the efficiency and effectiveness of agencies and ministries and/or the internal control and accountability within individual ministries.
2. Improving decision-making in the budgetary process, and/or in the allocation of resources and accountability of ministries to the ministry of finance.
3. Improving external transparency and accountability to Parliament and the Public and to enhance the clarity of roles and responsibilities of politicians and civil servants.
4. Achieving savings.” (pp. 7-8)

### NEW PUBLIC MANAGEMENT AND IMC

Reform in the public administration systems of many countries, were driven by the New Public Management (NPM) movement. This led to increased fragmentation of integrated state structures.

Structural devolution is a result of NPM reforms. This structural change has led to increased vertical and horizontal specialization. Vertical specialization or devolution implies the transfer of authority in a hierarchy. Horizontal devolution entails the separation of administrative functions within one and the same organization. All of these changes make a state more fragmented. Increased fragmentation, in turn, reduces the power of central political leadership and increases confusion amongst the ministries (Christensen et al, 2004, p. 18).<sup>9</sup>

Increased fragmentation leads to problems with accountability. This is an inherent problem with NPM. The model is designed both to increase the power of elected officials over the bureaucracy and to reduce their responsibility for the actions of the bureaucracy (p. 19). With the old, integrated model, everyone felt they were ‘in the same boat’, while in the fragmented state, the gap between politicians and administrative leaders widens.

Developing countries lack many crucial governmental features, such as a powerful market sector, contract-enforcement mechanisms, capable management, transparent laws, and trust in governmental institutions and ethics (p. 24). Initially, it is necessary to build managerial

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<sup>9</sup> Christensen, T., & Laegreid, P. 2004. *The fragmented state – The challenges of combining efficiency, institutional norms and democracy*. Working Paper 3. Stein Rokkan Centre for Social Studies. Available from <http://www.ub.uib.no/elpub/rokkan/N/N03-04.pdf>.

capacity, trust and experience. Only then will it be possible to implement 'agentification and autonomization'.

In summary, governments need permanent coordination mechanisms that are well-developed (Metcalf, 1994, p. 8)<sup>10</sup> and governments should be flexible enough to cope with the variety of tasks they need to perform under the umbrella of coordination. The more interdependence that is required, the larger the number of official coordination institutions which must be in place (pp. 11-12). In some cases, coordination will not lead to a satisfactory compromise and a decision will need to be imposed (p. 23).

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<sup>10</sup> Metcalf, L. 1994. International policy coordination and public management reform. *International Review of Administrative Sciences*. 60(2):271-290.



## CHAPTER 3: IMC IN OECD COUNTRIES

The goal of the following chapters is to provide general examples of inter-ministerial policy coordination and occasionally examples of coordination in the context of trade policy-making. This first chapter will describe IMC in OECD countries including the European Union, France and Switzerland in more detail.

Pilichowski (2003) discusses the challenges associated with new governance in the following way: There is mounting evidence that OECD countries, which have delegated a lot of responsibility to ‘arm’s length bodies’, are rethinking the challenges this creates. So far, they have reported the following main problems which arise as a result of distributed government:

- The large number of new organizational forms and governance structures, management regimes and reporting mechanisms has resulted in a blurred picture of how the system is functioning. Unfortunately, ministries are forced to adapt their steering and control mechanisms to many different types of bodies. This weakens overall control by Parliament and may damage citizens’ confidence and trust in the system because it is too complicated to understand.
- Delegating responsibilities to arm’s length bodies has led to difficulties in coordinating government work. Government coherence suffers from a lack of coordination in the definition of objectives, but also in the way governments function to perform these objectives. Eventually, the lack of coordination can also result in overlaps and duplication of work. This is all the more damaging as arm’s length organizations are more difficult to restructure than classical units within ministries.
- Perhaps more importantly, distributing governance has inherent risks for democratic control and accountability. When bodies get removed from immediate supervision and have a more complex governance structure than reporting ministries do, political control of these bodies can suffer. Without adequate steering, arm’s length bodies may follow policies that favour their own interests and are not responsive to policy needs. Moreover, output/outcome budget and management rules require that reporting bodies have very strong capacities in these fields, for which they remain unprepared in a large number of cases. In addition to the

## CHAPTER 3

risks of undiagnosed nonperformance, this may also eventually result in increased corruption (Pilichowski, p. 8).<sup>1</sup>

Two procedural arrangements which have significantly contributed to the streamlining of cabinet decision-making in Western European countries are the multiplication of cabinet committees intended to solve issues related to policy proposals before those issues were addressed in cabinet meetings and establishing a cabinet secretariat. The general goal of the secretariat is to regulate and co-ordinate all incoming and outgoing cabinet activities, such as preparing the agenda for cabinet meetings, making sure that it includes only issues that have previously been agreed upon at the respective committee meeting and following up the implementation of cabinet decisions by various departments (p. 7).

Though models and laws will have different levels of success in countries with different institutional bases, (Brautigam, p. 41)<sup>2</sup> the rule of law is considered the most important institutional dimension, though the quality of bureaucracy also plays a crucial role (Campos, p. 22).<sup>3</sup>

### THE EUROPEAN UNION

The European Union is composed of many states with varied systems of government since no definite structure is required for future member states. Even so, they have a general model that stresses democracy and the rule of law, both of which are elements of good governance. To strengthen these criteria, the EU recommends:

- Openness in communications with the public and transparency;
- More vigorous involvement by the public in running policies;
- Increased accountability of those in charge of policies;
- Effectiveness in the execution of policies;

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<sup>1</sup> Pilichowski, E. 2003. *Public sector modernisation: Changing organizations*. Paper presented at the 28th Session of the Public Management Committee, Paris (13-14 Nov). Public Governance and Territorial Development Directorate. Public Management Committee. OECD.

<sup>2</sup> Brautigam, D. 1991. *Governance and economy: a review*. World Bank Research Paper No. 815. Available from [http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000009265\\_3961002050636](http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000009265_3961002050636).

<sup>3</sup> Campos, N. 2000. *Context is everything: Measuring institutional change in transition economies*. World Bank Policy Research Paper No. 2269. Available from [http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000094946\\_00012505525167](http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000094946_00012505525167).

- Harmonization of all policy measures and levels of government so as to achieve consistency (Badjun, 2005, p. 5).<sup>4</sup>

Policy-making coordination is of particular importance for the member states of the European Union during the accession process. It highlights national interests and provides “identifiable and reliable institutions [to] negotiation partners” (Reference, p. 25).<sup>5</sup>

A lack of proper coordination mechanisms decreases the ability of a government to determine what is in their national interest and it reduces the likelihood that those left out of the decision-making process will implement laws quickly or correctly (p. 52).

Within Europe, three main public administration models are commonly used; these are: the German system, the French system, and the British system. These systems tend to be defined in terms of their relative levels of horizontal coordination – also referred to as the hierarchy of command, and functional decentralisation – commonly described as the involvement of various ministries, departments, and agencies. The German system is characterised by low levels of horizontal coordination and high levels of functional decentralisation, while the French and British systems are characterised by the reverse (Bouquet, 2006, p. 6).

The European Commission of the EU has several directorate generals who are charged with organizing negotiations. This overlap in responsibility has caused the EU’s goals in trade policy formulation, as well as other categories, to be inconsistent. This in turn has caused the European business environment to develop complex and shifting alliances to follow the policy process (Coen & Grant, 2005, p. 50).<sup>6</sup>

### *European Governance*

The most important aspects of European governance are: expanded participation in policy-making and lawmaking; coordination between the

<sup>4</sup> Badjun, M. 2005. *Governance and public administration in the context of Croatian accession to the EU*.

<sup>5</sup> Reference Guide for Horizontal Integration. 2005. Published by the Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPAcee) with the support of UNDP and the Social Transformation Program of the Netherlands Ministry of Foreign Affairs. Available from:

[http://www.nispa.sk/\\_portal/files/publications/training/Guide\\_Horizontal\\_Integration.pdf](http://www.nispa.sk/_portal/files/publications/training/Guide_Horizontal_Integration.pdf)

<sup>6</sup> Coen, D. & Grant, W. 2005. Business and government in international policymaking: The transatlantic business dialogue as an emerging business style?, in D. Kelly and W. Grant (Eds.), *The Politics of International Trade in the Twenty-First Century. Actors, Issues and Regional Dynamics*, pp. 47-67. Basingstoke and New York: Palgrave Macmillan.

various government actors and between the government and private actors; coordination among member-states, but not uniformity; and significant levels of deliberation among the various stakeholders (Gatto, 2006, p. 1).<sup>7</sup>

The system of governance within the EU is so unique that it is difficult to compare it to any other political or legal system. This distinction is due to its multinational dynamics, with no state leading negotiations (p. 2). Legal commentators are often concerned with measuring governance against law because new forms of governance could have constitutional implications, or because alternatives to legislation can have many potential roles to play (p. 4).

The European Commission has created its own definition for governance, and has outlined this in the White Paper on European Governance, commonly known as the 'White Paper'. In this document, it explains that 'European governance' includes the rules, processes, and behaviour which affect the way decisions are made at a European level, focusing especially on "openness, participation, accountability, effectiveness, and coherence" (European Union, 2007, p. 1).<sup>8</sup> There is a large network of advisory and implementation committees in the EU. These are commonly referred to as 'comitology'; they are similarly linked into this framework without having any autonomous legal powers. Therefore, any new forms of governance are difficult to implement and are not commonly put into law (pp. 2-3).

According to the White Paper, governance should contribute to creating links between civil society organizations and European institutions through policy tools, such as "regulations, framework directives, and co-regulatory mechanisms in order to simplify and speed up the legislative process." It also should make European law clearer and more effective (pp. 8-9)

The increased need for regulation in the EU and the need for rapid and expert decisions in market integration have led to an increase in forms of governance. Independent European agencies were created to deal with these issues. Regulation through committees was considered to be an ideal choice in comparison to centralized regulation through agencies, regulatory competition, or mutual recognition (p. 11).

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<sup>7</sup> Gatto, A. 2006. *The law and governance debate in the European Union*. Discussion paper 163, Decent Work Research Programme, International Institute for Labour Studies. Available from

<http://www.ilo.org/public/english/bureau/inst/download/dp16306.pdf#search=%22Gatto%20the%20law%20and%20governance%20debate%20in%20the%20eu%22>

<sup>8</sup> European Union. 2007. Governance. Governance in the: A White Paper. Available from [http://ec.europa.eu/governance/governance/index\\_en.htm#1](http://ec.europa.eu/governance/governance/index_en.htm#1)

Box 4: Coordinating Committees

The EU Council defined three types of coordinating bodies:

1. Advisory Committees – These deal with policy matters that are not very politically sensitive.
2. Management Committees – These deal with measures relating to the management of the Common Agricultural Policy, fisheries, and main EC programs.
3. Regulatory Committees – These deal with the protection of the health and safety of persons, animals, and plants.

Committees, the EU's main policy choice, are criticised because some people believe that they "challenge the internal balance among EC institutions and ... threaten the overall legitimacy of the EC decision-making process." They are also accused of making the EU decision-making process less transparent (p. 13).

The increase in the importance of agencies within the EU has led to the idea that centralized regulation through independent agencies could replace regulation through committees. Agencies respond to "the need for information-gathering, technical expertise, and supervisory flexibility". Committees fulfil this role as well, and were also developed outside of the original Treaty institutional framework (p. 15).

*Policy Reform and Management in the EU*

The Kinnock Reforms should be used as an example of policy reform for IMC. They were the first example of a reform programme with clearly defined and detailed plans which also had political backing from the highest levels. Here, the process was irreversible; they gave management a priority and they focused upon the internal organization and management of the Commission (Metcalf, 2004, p. 1).<sup>9</sup> Since these reforms, processes have become less transparent and organizational advancements have been undone (p. 2). According to Metcalf, the EU Commission must take management reforms more seriously to build on the Kinnock reforms (p. 3) and make IMC more effective and efficient.

Even when the EU has exclusive control over an issue, they still have to work through the administrative institutions of the member states. Instead, however, they create their own separate administrative structures. This can be problematic because the relationship between the member

<sup>9</sup> Metcalf, L. 2004. European policy management: Future challenges and the role of the commission. *Public Policy and Administration*. 19(3):77-94.

## CHAPTER 3

states and the central institution is not formally defined. Oftentimes management deficiency is combined with ineffective audits and poor accountability. According to Metcalfe, innovation is require to enhance effectiveness within the EU (p. 4).

Two misconceptions about management are that it: a) is entirely apolitical and “portrayed as a technical solution to a political problem” and that b) means little more than routine policy implementation and involves constructing networks to actually get things done (pp. 5-6).

The European regulatory model has had a significant role in developing their internal market and its competition policy. This model relies heavily upon national authorities in terms of implementation. It “relies on building partnerships among organizations at different levels of government to develop and implement spending programmes.” It is also characterised by open coordination and benchmarking (p. 7).

Capacity building is especially difficult in the EU because there is no central institution that is systematically in charge of the management deficit. There is also a chronic issue with regard to what forms of organization are needed to properly deal with the complex web of organizations (p. 11).

### FRANCE

In France an organization exists which is known as the Secrétariat Général des Affaires Européenes (SGAE). It focuses on issues related to the coordination of European efforts within the framework of the EU (Bouquet, 2006, p. 3).<sup>10</sup> This French system includes a coordination entity that is separate from the general government and is characterised by the emphasis it places upon a strong central government (p. 8).

The SGAE is predominantly concerned with developing a united national position. It is highly flexible and efficient in terms of managing and distributing foreign aid, strategic planning and evaluation, and organizing public information campaigns for the EU (p. 10). The SGAE is structured so that tasks are divided into multiple sectors each of which has several ministries to communicate with. It is led by a Secretary General, who is generally a political advisor either to the Prime Minister or to the President of France (p. 11). Another key feature of the SGAE is that it handles all governmental information except the formulation of Common Foreign and Security Policy (CFSP), whereas other institutions only handle information initially deemed relevant (p. 18).

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<sup>10</sup> Bouquet, E. 2006. *National coordination of EU policy*. Working paper FG 1, German Institute for International and Security Affairs.

In comparison to similar institutions in other European countries, the SGAE benefits from its long-running experience within the European Union. France's history with the EU has conditioned its government to responding well to inter-ministerial demands because it has become used to following the Prime Minister's demands hierarchically (p. 14).

## SWITZERLAND

This section offers a discussion and analysis of an inter-ministerial coordination mechanism within the government of Switzerland called Regulatory Impact Analysis (RIA). RIA is applied to Switzerland's policy-making process.

### *1. Country Context*<sup>11</sup>

Switzerland is a federal republic consisting of 26 cantons, with the canton of Berne as the seat of the federal authorities. The country is located in Central Europe where it is bordered by Germany to the north, France to the west, Italy to the south, and Austria and Liechtenstein to the east.

Switzerland is a landlocked country whose territory is geographically divided between the Jura, the Central Plateau and the Alps. The Swiss population of approximately 7.8 million people is concentrated mostly on the Plateau, where its largest cities can be found. These cities include the two global and economic centres, Zürich and Geneva. In 2009, the IMF estimated that Switzerland was one of the richest countries in the world measured by per capita gross domestic product, with a nominal per capita GDP of \$66,126.

The Swiss Confederation has a long history of neutrality – it has not been in a state of war internationally since 1815 – and was one of the last countries to join the United Nations. Switzerland is home to many international organizations, including the World Health Organization, the International Labour Organization, the World Trade Organization and the second largest UN office. On a European level, it was a founder of the European Free Trade Association and is part of the Schengen Agreement.

### *2. A New Policy to Improve Trade Coordination and Consultation*

Following the 1995 Recommendation of the Council of the OECD on Improving the Quality of Government Regulation, Switzerland introduced the use of the Regulatory Impact Analysis (RIA) in 1999. Some years after

<sup>11</sup>Switzerland; <http://en.wikipedia.org/wiki/Switzerland>; 28 October 2009.

its implementation, the State Secretariat for Economic Affairs (SECO) – which is in charge of RIA’s implementation and quality in Switzerland – was able to identify its challenges and to review areas for improvement. In order to highlight the importance of RIA, SECO published a first annual report on regulation at the end of 2005

### *3. Political System<sup>12</sup>*

Switzerland is a multi-ethnic, multilingual and multi-confessional nation held together by the desire of its people to be, and remain, united. It has been a federal State since 1848, one of 23 in the world and the second oldest after the United States of America. Switzerland has a federal structure with three different political levels:

- Confederation
- Cantons
- Communes

#### *Federalism*

The Confederation is the term used in Switzerland to describe the State. The Confederation has authority in all areas in which it is empowered by the Federal Constitution; examples are: foreign and security policy, customs and monetary affairs, nationally applicable legislation and defence. Tasks which do not expressly fall within the domain of the Confederation are matters for the cantons, the next level down.

Switzerland consists of 26 cantons. These are the original States which joined together in 1848 to form the Confederation to which they ceded part of their sovereignty. Each canton has its own constitution, parliament, government and courts. Direct democracy in the form of the ‘Landsgemeinde’, or open-air people’s assemblies, is now confined to Appenzell Innerrhoden and Glarus. In all other cantons the people cast their votes at the ballot box.

All the cantons are divided into communes, of which there are currently over 2,700. Their number is in decline as a result of amalgamations. The largest communes are cities or municipalities. About one-fifth of all communes have their own parliament; in the other four-fifths, decisions are taken by a process of direct democracy in the local

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<sup>12</sup> Political System; Federal Department of Foreign Affairs;  
<http://www.eda.admin.ch/eda/en/home/rep/eur/vgbr/infoch/chpoli.encoded-Show%3D1%26print%3D1.html>; 14 January 2008.

assembly. The degree of autonomy granted to the communes is determined by the individual cantons and therefore varies considerably.

#### *Direct Democracy*

There are very few countries in which the people have such far-reaching rights of co-determination as in Switzerland. Its long democratic tradition, its comparatively small size, both in terms of geography and population, and ultimately, too, its high level of literacy and diversity of media are decisive in ensuring the proper functioning of this particular form of state.

All Swiss citizens over the age of 18 may take part in elections to the National Council, both actively and passively. In other words, they may cast their votes and also stand for election themselves. Elections to the Council of States are not organised at a federal level; they are governed by cantonal provisions. Persons who are entitled to take part in parliamentary elections may also cast their vote in popular ballots.

Citizens may seek decisions from the people on amendments they want to make to the Constitution. For such an initiative to be put to the vote, signatures of 100,000 citizens must be collected within 18 months. The authorities sometimes respond to such initiatives with a counterproposal (generally less far-reaching) in the hope that the people and cantons will support the alternative instead. People's initiatives do not originate from parliament or government, but rather from ordinary citizens themselves. They are regarded as the driving force behind direct democracy.

The people are entitled to pronounce on parliamentary decisions after the event. Federal laws, generally binding decisions of the Confederation and international treaties of indefinite duration, are subject to an optional referendum. In such cases, a popular ballot is held if 50,000 citizens so request. The signatures required to register such a request must be collected within 100 days of a decree's publication. The overall impact on the political process of this veto-like right of referendum is that it holds back change or slows it down. It generally either blocks amendments adopted by Parliament or the Government or delays their implementation.

#### *The Federal Authorities*

According to the Federal Constitution, the Swiss people are sovereign and thus the supreme political authority. The concept includes all Swiss adults who are eligible to vote – a total of some 4.8 million citizens, the equivalent to about 64% of the resident population. Those under the age of 18 and foreign nationals have no political rights at the federal level.

The Swiss parliament consists of two chambers which, when in joint session, are known as the United Federal Assembly. It is the country's

## CHAPTER 3

legislative authority. The National Council, with its 200 members, represents the population of the country as a whole. The individual cantons are represented in proportion to the number of their inhabitants. The Council of States represents the 26 cantons, 20 cantons of which are represented by two members while the six half-cantons each send one representative to the 46-strong chamber. Both chambers are directly elected by the people. The National Council, (the larger chamber) is elected in accordance with federal rules and the Council of States (the smaller chamber) is elected according to provisions which differ from canton to canton. In both cases, the cantons are the constituencies.

The government of Switzerland consists of the seven members of the Federal Council, as well as the Federal Chancellor, and is elected by the United Federal Assembly for a four-year term. The President of the Swiss Confederation is elected each year and is considered *primus inter pares*, or first among equals, during that time. He chairs the sessions of the Federal Council and undertakes special ceremonial duties.

The highest legal rulings in Switzerland are made by the Federal Supreme Court in Lausanne, the Federal Insurance Court in Lucerne and since 2004 by the Federal Criminal Court in Bellinzona.

### *4. Inter-ministerial Trade Policy-making in Switzerland*

In Switzerland, it is the Federal Council within the government who is in charge of proposing and implementing economic policy decisions. The Federal Council designates which department implements a policy which then takes the lead in elaborating policies and implementing them.

The 1995 *Recommendation of the Council of the OECD on Improving the Quality of Government Regulation* emphasized the role of RIA by systematically ensuring that the most efficient and effective policy options were chosen. The 1997, *OECD Report on Regulatory Reform* recommended that governments “integrate regulatory impact analysis into the development, review, and reform of regulations.” A list of RIA best practices is discussed in detail in *Regulatory Impact Analysis: Best Practices in OECD Countries*. The 2005 *Guiding Principles for Regulatory Quality and Performance* recommends that RIA is conducted in a timely, clear and transparent manner. This section describes the current RIA system in place in Switzerland and assesses it against OECD best practices.

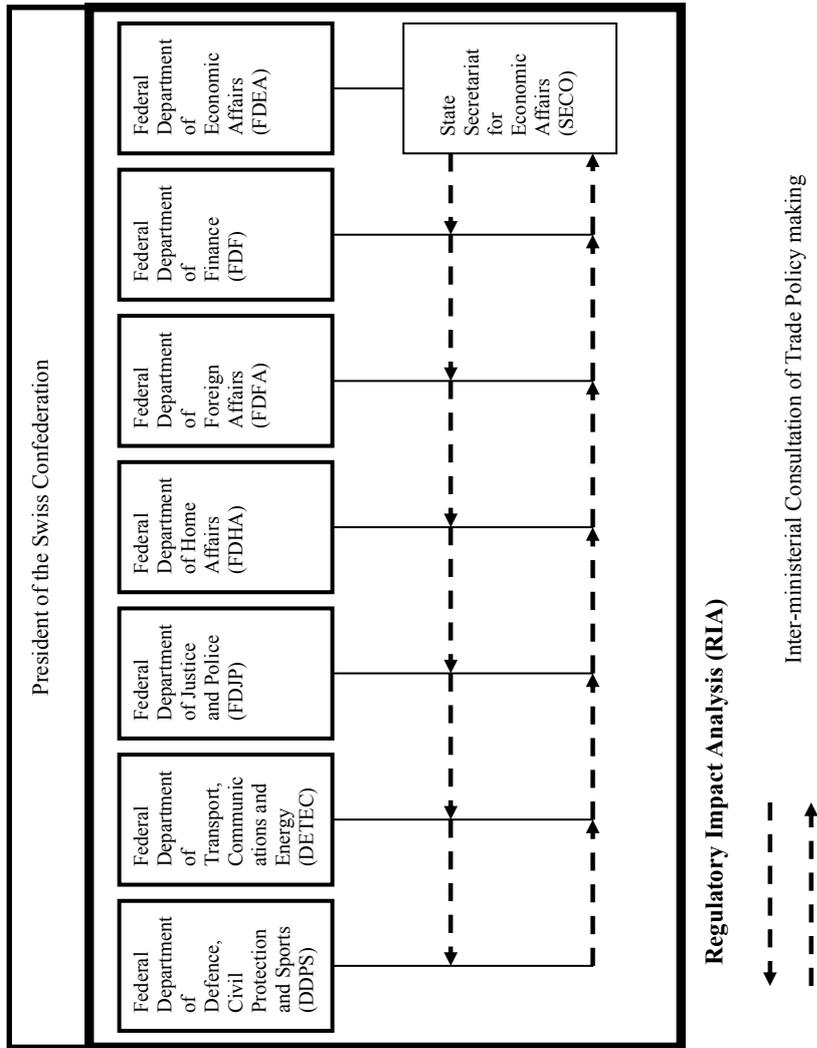


Figure 1. Regulatory Impact Analysis, Federal Council and Inter-ministerial Consultation of Trade Policy-making

Switzerland introduced formal use of RIA in 1999, when the Federal Council decided to institutionalize it through the adoption of the Guidelines of the Federal Council on RIA from 1999. The adoption of RIA as a tool to improve the quality of regulations was a consequence of different parliamentary interventions on administrative charges and the consequences of regulations on SMEs. It was adopted after a controversial discussion regarding the respective roles of public consultation and technocratic evaluation, performed according to RIA guidelines.

A deep and long evaluation of public policies prepared the introduction of the instrument. An extensive analysis of federal regulations done in 1997 showed that two thirds of federal legislative acts in effect dated from less than twenty years back, meaning that legislative activity developed actively during the 1980s and the 1990s. As in other OECD countries, the reasons for this trend were the importance of regulating new fields of the economic activity – mainly environment and energy – as well as the development of state activity in social areas and adjustments required for vis-à-vis international conventions, in particular adjustments to the European framework. This dynamic had a negative impact on costs imposed on business and, in the long term, on the competitiveness of the Swiss economy.

RIA in Switzerland is supported by the following legal instruments:

- Federal Law on the Relationships between Councils. Article 43 of this law requires that, in its dispatch, the Federal Council must indicate rejected alternative solutions, the consequences for the economy and the relationship between the utility of regulations and the proposed measures, as well as the economic cost of their application. This law preceded the Federal Act on the Federal Assembly which today, in Article 141, provides the legal basis for the use of RIA.
- Motions and postulates. A number of interventions have been made by the Federal Assembly to include an assessment of economic costs and regulations.
- Decisions and Guidelines adopted by the Federal Council in 1999 who set up the whole framework for RIA in Switzerland.
- OECD Recommendation of the Council on Improving the Quality of Government Regulation, adopted in 1995. Questions to be considered here are: Is government action justified? Do the benefits of regulation justify the costs and is the distribution of effects across society transparent?

The implementation and quality of RIA is overseen by the State Secretariat for Economic Affairs (SECO). Its mission is twofold: (1) it

provides analytical support to offices within the federal administration and (2) it revises the chapters on economic consequences, facilitating uniformity and clear consistency in argumentation. The SECO's control oversight takes place occurs regularly during the internal consultation process but it goes beyond this process: the RIA, or a summary of it, is included in the dispatch that accompanies the law proposal to the Federal Assembly.

The quality criteria stipulated for developing this task are that the analysis be based upon the following main points, listed in the Guidelines approved by the Federal Council: a) that all type of actors be considered; b) that particular attention be paid to consumers; c) that the effects be plausible and that who must conform to what and who will benefit, as well as the positive and negative effects of the measure be clearly indicated; d) that the economic effects be supported by figures, notably the number of people and enterprises which will be directly involved in the execution of the law.

The State Secretariat for Economic Affairs (SECO) has developed some instruments to help officials within the federal administration and regulators to conduct RIA. They include:

- Documentation. A set of documents for officials clarifying the use of RIA is available on SECO's Internet site: a Handbook on RIA, a Checklist on RIA and examples of previous RIAs.
- An annual reminder. At the beginning of the year, SECO sends out a reminder of stipulating when the objectives of the Federal Council and of the Departments should be published. This reminder, which indicates what SECO's expectations are and is sent out as early as is possible, is sent out in order to motivate project leaders in each division to participate.
- Working group to exchange experiences. SECO organises an annual meeting with a working group. It is composed of representatives from different offices, SECO and external consultants. They exchange their experiences with implementing RIA and its improvement. This group has provided advice on more pragmatic solutions than those contained in the Guidelines.
- Bilateral communications SECO – offices. Brainstorming sessions with those divisions involved in implementing RIA are organised. SECO gives input and controls the draft on economic consequences prior to the office consultation procedure. This is especially important to those divisions which lack economists.

Box 5: RIA in Switzerland: Five key criteria

The Swiss government considers RIA to be a tool providing federal authorities (Federal Council and Federal Assembly) with transparent information to help them in their decision-making. The main goal of RIA is to complete political, regional, sectoral, etc. information with a systematic evaluation of draft regulations according to a global view of the economy. Regulations are revised according to the following criteria:

1. The need and possibility of state intervention. The first step is to explain from an economic point of view the reasons justifying the proposed regulation.
2. Consequences for different categories of actor. A second step includes a description of the winners and losers of the proposed regulation, as well as a quantification of the costs and benefits for all parties, if possible. This should lead to a more comprehensive cost-benefit analysis, pointing out the possible distributional effects among societal groups and different costs to execute and implement the regulation.
3. Implications for the economy as a whole. The third step is to explain the general effects of proposed regulation, taking into consideration the adaptation process of actors, whether the new regulation positively contributes to market efficiency, side-effects on employment, investment, innovation, research, consumption, environment, etc.
4. Alternatives to regulation.
5. Practical aspects of implementation. The final step should consider administrative implications of implementation, consequences on coordination mechanisms, term of effectiveness, plain language, delegation of competences, appeal system, relationship and division of tasks between federal and cantonal governments, communication to parties affected, etc.

In a number of instances, RIA – albeit prospective in nature – can benefit from the findings of the evaluation of the legislation in place.

RIA is applied to all federal laws, as a component of the dispatch sent to the Federal Assembly with the law proposal. The regulations, by contrast, are not subject to the same legislative procedure. In general, there is no systematic consultation mechanism for regulations.

The SECO has requested that RIA include the above-cited five key criteria for federal law and economic justification for state intervention. However, the RIA of regulations often refers to the statutes of federal laws. The regulation proposals of the Federal Council are shorter and less detailed than the reports. Other legal instruments used by the government to

issue regulations, such as guidelines, instructions, etc. are not subject to RIA, leaving an important vacuum as they can be fundamental for the economy and for society. RIA is not generally applied at a sub-federal level, i.e. cantons, either.

After some years of implementation, SECO has been able to identify challenges and review areas for improvement. In a document entitled “The Fifty Most Important Regulations: Choice from an Economic Point of View”, SECO has also tried to define the areas in which the RIA could be improved.

Following a mandate from the Control Commission of the National Council, the parliamentarian oversight committee of the Federal Administration, released a report on the regulatory instruments to assess the impact of regulations implemented by the Confederation. In terms of RIA, a number of features, weaknesses, as well as potential future areas of improvement, have been highlighted. The report has led to a series of recommendations for taking full advantage of this regulatory tool and for improving its quality. Future discussions will help to redefine the institutional framework for RIA and to find better ways of increasing its visibility and potential, particularly in making it more accessible for evaluation and impact assessment at an earlier stage of the decision-making process.

The debate about overregulation and increasing regulatory costs has also emerged in the financial sector. A study based on a survey of a limited number of banks estimated that the overall regulatory costs in private banking was about 4.5% of total expenses. Not only the level, but the trend itself, is a matter of concern for them since the number of full-time people employed in the field of compliance in this sector has increased by 60% between 1998 and 2002. As a proportion, the regulatory burden of smaller banks is about twice that of the larger banks.

In September 2005, the Swiss Federal Department of Finance published a new “Guidelines for Financial Market Regulation”. These Guidelines specify the existing general provisions in the Constitutions and in legislation, as well as the 1999 Federal Council Guidelines on Regulatory Impact Assessment (at the law and Federal Council ordinance levels) for the area of financial market regulation. In addition, the Federal Council envisages that a standard will be incorporated into the legislation governing the proposed integrated Financial Market Supervisory Authority (FIMA), after which the impact of new regulation must be reviewed.

ASSESSMENT AGAINST BEST PRACTICE

*1. Maximising Political Commitment to RIA*

The use of RIA to support reform should be endorsed at the highest levels of government. Although the 1999 Guidelines adopted by the Swiss Federal Council launched the preparation of RIA manuals and imposed the integration of RIA into the statute, there is still work to be done in order to consolidate political commitment to RIA in day-to-day regulatory process. Setting priorities can make a difference. This is especially relevant at the sub-national level where very few cantons have envisaged the possibility of assessing the impact of regulations and introducing some kind of RIA. Today only two cantons, Berne and Soleure, out of the twenty-six apply a RIA similar to the one implemented by the Confederation. RIA could contribute to decision-making at all levels of government if this requirement were also implemented by the cantons.

*2. Allocating Responsibilities for RIA Programme Elements Carefully*

To ensure 'ownership' by regulators, while at the same time establishing quality control and consistency, responsibilities for RIA should be shared between the ministries and the central quality control unit. Experience in OECD countries shows that the RIA will fail if left entirely to regulators, but will also fail if it is too centralised.

In Switzerland, as in virtually all OECD countries, the responsibility for preparing RIAs is clearly with the ministry concerned. It must involve and consult with the relevant stakeholders and counterparts inside the federal administration. The involvement and coordination between ministries is guided by the different stages of the legislative process and is part of extensive consultation procedures. Nevertheless, RIA is only a small part of the whole consultation process and many departments do not have the human resources to prepare an in-depth analysis of the RIA on economic consequences. The main responsibility for the substantive quality of the required impact assessments has been allocated to the State Secretariat for Economic Affairs (SECO), but its human and technical resources are scarce. This reduces the capacity to evaluate the quality of the product and to follow up each law proposal carefully.

**Box 6: Guidelines for financial market regulation**

The Guidelines provide the Federal Finance Administration and the supervisory authorities with a unified assessment matrix for regulation. Accordingly, the level of regulation, the complexity of content, the economic significance and its urgency, as well as the political sensitivity of a regulatory proposal, are taken into account. The Guidelines should find application at all levels of financial market regulation (law, ordinance, circular, etc.), albeit in a differentiated way. They ensure a systematic evaluation of regulatory provisions, which equally bears in mind the purpose of government regulation and supervision, the form of market failure in the area of finance, the economic importance of the financial markets, as well as the given conditions of the Swiss financial sector. Specifically, the Guidelines seek to fulfil the following objectives:

- They ensure a systematic review of new and existing financial market regulation at all levels of regulation.
- They raise the effectiveness of financial market regulation by weighing up the costs and benefits for market participants and for the economy.
- They improve the transparency, comprehensibility and practicability of regulatory activities.

### *3. Training the Regulators*

Regulators must have the skills to prepare high quality economic assessments; they must have an understanding of the role of RIA in assuring regulatory quality and an understanding of methodological requirements and data collection strategies. All complex decision-making tools, such as producing adequate RIA, require a learning process.

Training is part of the activities developed by SECO to further expand knowledge of RIA. As part of these activities, SECO organises seminars and an annual meeting with policy-makers inside the federal administration; these meetings deal directly with RIA and seek to make policy-makers aware of the relevant issues concerning RIA. Between ten and thirty participants attend these meetings. Articles in different academic journals contribute to disseminating information on RIA. The Swiss government, however, lacks the human resources to really integrate a training policy inside the federal administration. A single official working full time on RIA is not sufficient to deal with all of the needs and commitments this tool requires.

*4. Using a Consistent but Flexible Analytical Method*

As a key principle, the OECD recommends that regulations “produce benefits that justify costs, considering the distribution of effects across society.” A cost-benefit analysis is the preferred method for considering regulatory impacts because it aims to produce public policy that meets the criterion of being “socially optimal” (i.e. maximising welfare).

The Guidelines on RIA make reference to the importance of justifying regulatory decisions in terms of costs. A list of questions helps regulators to clarify which costs and benefits are involved in a decision. SECO has also prepared a document that supports the Guidelines, entitled “The Estimation of the Benefits of Regulations”. Its goal is to facilitate the preparation of a RIA and present in a practical way the techniques and methods used to point out the benefits of law proposals.

Although detailed guidance on how to embark upon a cost-benefit analysis exists, evidence has shown that this part of the analysis is sometimes complicated to deal with and ministries do not have the resources to do an in-depth cost-benefit analysis.

*5. Targeting RIA Efforts*

RIA is a difficult process that is often vehemently opposed by ministries because they are not used to external review or because of time and resource constraints. The preparation of an adequate RIA is a resource intensive task for regulation drafters. Experience shows that central oversight units can be swamped by large numbers of RIAs concerning trivial or low impact regulations.

In terms of coverage, RIA is only used for federal laws and some regulations. However, other regulatory instruments, which have direct impact on the economic activity and citizens, are not subject to the same quality control and scrutiny. Greater powers of discretion are given to federal offices, even if they are subject to consultation mechanisms in general. The size of the Swiss administration has an impact on the quality and conduction of RIAs for a limited number of officials deal directly with analysis and the control; this may constitute a constraint on the quality of the product. As RIA requires time and significant analytical capacity, especially for federal laws and ordinances, the present number of staff in charge seems to be insufficient for this task.

In the current Swiss Guidelines, no recommendations concerning the scope of RIA exist. In the present version, RIA is a tool used for “systematic evaluation of regulatory proposals according to a perspective encompassing the whole of the economy”. The list of questions related to

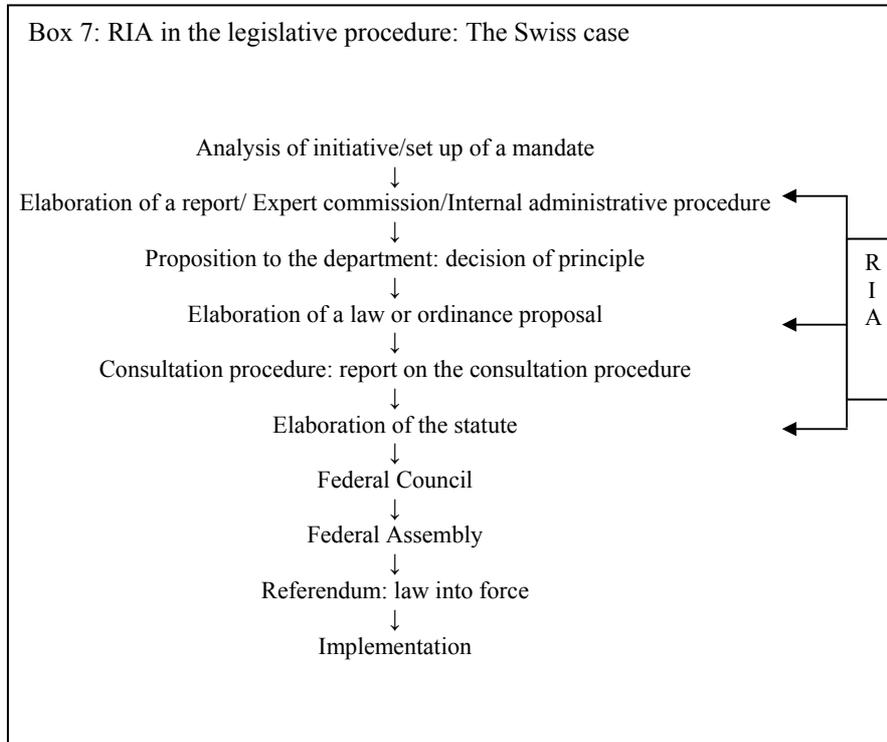
the analysis of costs is extremely broad. Thus, there is the risk that the exercise is trivialized. Important elements, such as the impact of regulations on market openness or competition policies have not been taken into account sufficiently.

#### 6. *Developing and Implementing Data Collection Strategies*

The usefulness of a RIA depends upon the quality of the data used to evaluate the impact. An impact assessment confined to qualitative analysis makes regulators less accountable for their proposals. Since data issues are among the most consistently problematic aspects in conducting quantitative assessments, the development of strategies and guidance for ministries is essential if a successful programme for quantitative RIA is to be developed. In Switzerland, data collection is left to the discretion of federal offices. It depends upon the resources they can spend on in-depth analysis with the appropriate data.

Integration of RIA into the policy-making process should begin as early as possible. Integrating RIA into the policy-making process will, over time, ensure that the disciplines of weighing costs and benefits, identifying and considering alternatives, and choosing policy in accordance with its ability to meet objectives become a routine part of policy development. If RIA is not integrated into policy-making, impact assessment becomes simply an *ex post* justification of decisions already taken and contributes little to improving regulatory quality. Integration is a long-term process which often implies significant cultural changes within regulatory ministries. Early integration into the policy process of RIAs would require stronger incentives to do so and possible sanctions for non-compliance. More important still, it would require that policymakers were convinced of and requested the added-value of RIA.

RIA in Switzerland is an integral part of the legislative process' internal and external consultation mechanism (see Box 7). It is also part of the final statute sent to the Federal Assembly, especially in terms of economic impact. However, RIA is still far from being a real source of information: parties involved in the consultation mechanism (federal offices and external actors) do not always get the information RIA provides as it is not part of the documents supplied.



The effectiveness of such institutional design has yet to be proven since RIA is generally introduced to the decision-making process late and serves more as a justification for political action than it does as a contribution to the assessment of impacts and economic consequences at an early stage. According to the report of the Parliamentary Control of the Administration, RIA is mainly used in the pre-parliamentarian phase, but it is considered as “an additional task that federal offices carry out in the last minute. The RIA is done only as part of the final editing of the section on economic impact that has to be included in any message to parliament”. As in the French case, where the impact assessments (*études d’impact*) are usually carried out too late, *ex post* and as a summary supporting the legislation in question. This reduces the main purpose of RIA drastically: it is no longer a key tool to help decision-making, presenting options and weighing up costs and benefits.

### *7. Involving the Public Extensively*

In the Swiss context, RIA is a tool used mainly inside the federal administration which is not really open to specific consultation procedures per se. Such consultation is done mainly by the office concerned. It is then incorporated into an extensive and broad consultation mechanism consisting of different actors (inside and outside the administration) who interact in search of consensus and based on political dialogue. RIA is disconnected from the internal and external consultation procedure. During the co-reporting procedure, RIA is almost never used to put pressure on other federal offices. When RIA, which was primarily conceived to provide an assessment of economic impact, is finally attached to the dispatch sent to the Federal Assembly, decisions have often already been made and RIA has not really provided a basis for discussion (OECD, 2006, pp. 39-45).



## CHAPTER 4: IMC IN THE DEVELOPING COUNTRIES

Inter-ministerial policy coordination practice varies considerably between developing countries and regions primarily due to their differing historical roots which date back to their individual colonial administrative heritages e.g. Spanish, English, Portuguese or French government organizations and structure. What follows are examples of such countries which illustrate the differences through comparative case examples.

Some major constraints to developing negotiating capacity in trade negotiations are the incoherence in a country's national policy-making coordination and the limitations in resources which diminish its government's ability to adequately prepare for such negotiations (South, 2004, pp. 1-2).<sup>1</sup>

### Box 8: Brazil and the FTAA

The Free Trade Area of the Americas (FTAA) has increased the importance of trade negotiations in Brazil and the government has created a unique solution to the problem of foreign trade negotiation policy. (Marconini, p. 4) The government has created thematic groups to deal with the various negotiation issues. (p. 7) They have consultations with interested parties before negotiations begin. This helps the government to be more flexible in its official position. (p. 10)

### LATIN AMERICA AND CARIBBEAN REGION

In South America and the Caribbean region, case examples are taken from Chile and Trinidad & Tobago.

#### *Chile*

In Chile, the Executive branch is responsible for establishing trade policy. Starting in 1990, this has led to a two-level system for trade policy-making.

According to Figure 2 on Chilean trade policy, unilateral opening is the cornerstone of their policy. The economists who developed this policy

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<sup>1</sup> South Centre. 2004. *Strengthening developing countries' capacity for trade negotiations: matching technical assistance to negotiating capacity constraints*. Background paper prepared for the Doha High-Level Forum on Trade and Investment, Doha, Qatar (5-6 December).

chose this strategy because “trade opening and economic deregulation in general would bring welfare benefits for the whole of society irrespective of what happened in the rest of the world” (Sáez, 2002, pp. 36-37).<sup>2</sup>

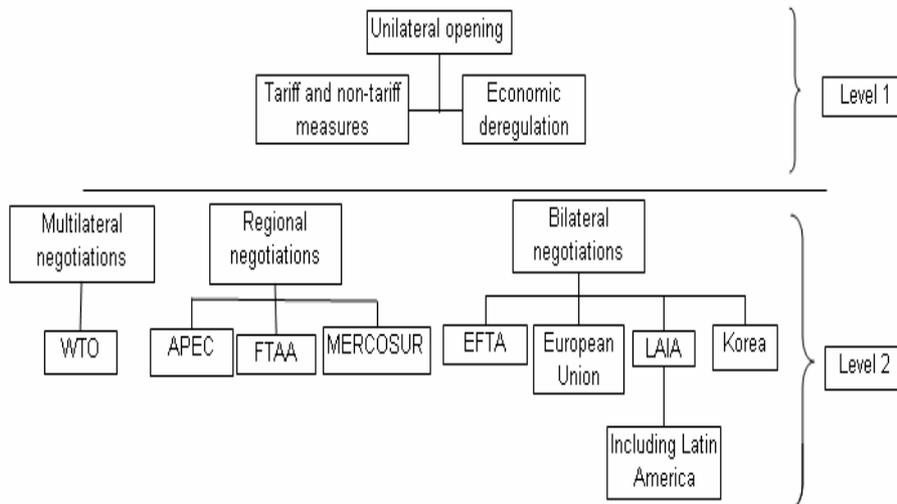


Figure 2. Chile's split-level system

The Chilean model revolves around the concept of ‘neutrality’ in economic policy, meaning that tariff protection is based upon a single tariff for all imports and economic policies and incentives are available to all sectors. Traditional agricultural activities (wheat, sugar and oils) constitute a significant exception to this approach. This system has been slightly undermined by certain economic agreements that Chile has entered into, necessitating differentiated tariffs and the implementation of rules of origin, making protection less transparent. There are also “sectoral pressures to ‘offset the effects of opening’” (p. 37).

<sup>2</sup> Sáez, S. 2002. Making trade policy in Chile: an assessment. In Inter-American Development Bank, *The Trade Policy-Making Process. Level One of the Two Level Game: Country Studies in the Western Hemisphere*. Integration and Regional Programs Department.

An examination of Chile's institutional structure (Figure 2) shows that the Executive is responsible for unilateral opening. To do this, "after a period of general consultation, [it presents] a bill to Congress. There it is negotiated and debated and the various groups affected by it inform Congress of their views on the matter and their approaches. Habitually, there is a parallel process of negotiation with the relevant actors outside of Congress" (p. 38).

According to Sáez two episodes of unilateral tariff reduction are worth noting. The first, in 1991, sought to correct the excessive exchange rate appreciation sparked by capital inflows in the first half of the 1990s and to stimulate greater competitiveness in the domestic economy. Tariffs were cut from 15% to a uniform 11% for all imports. Congress approved the executive bill in a week.

The second episode occurred in 1998. It was a response to the Chile-MERCOSUR Association Agreement and it sought to correct the trade diversion which might be induced by the accord. The proposal was a uniform cut in tariffs from 11% to 6%. On this occasion, the process proved to be politically more difficult.

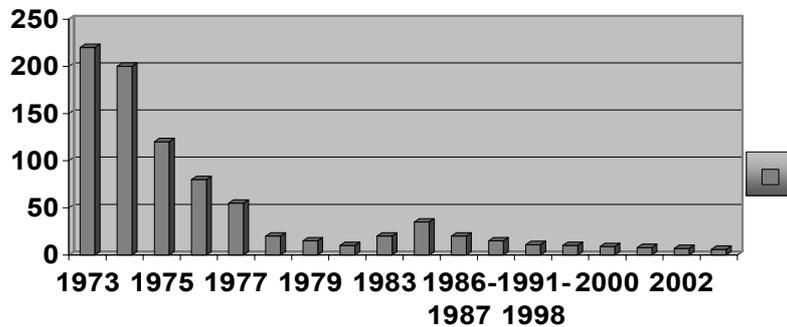


Figure 3. Tariff reduction in Chile

To ensure approval, the government had to supplement the reduction with legislation containing safeguard measures which would counteract any unforeseen increase in imports which might harm (or threaten to harm) domestic production. The political sectors also cushioned the impact of the reduction by implementing it over a six-year period (beginning in 1998) rather than the shorter period favoured by the government. The agricultural sector asked for differentiated tariffs, with

tariff-free access for imports of agricultural inputs and capital goods and a 6% tariff on finished products.

The government rejected the latter proposal on the grounds that it would distort resource-allocation and would lead to inefficient trade policies since other sectors would demand distinct treatment. An agreement was finally reached after the government pledged significant resources for restructuring the traditional agricultural sector.

The political economy of unilateral opening was therefore modified in a seven-year period. Two identical episodes occurred in different contexts. In the first case, the Executive proposed an initiative that was approved within a week and carried broad support. In the second case, the initiative came from the Executive but it owed its intellectual origin to certain business and academic circles. It had to include the demands of the productive sectors that were affected by the bill and of the political circles that had to vote for it. The initiative was approved, but the vote was much closer and the enactment of the law took several weeks. It is important to note that an unfavourable international climate and fluctuation of the exchange rate marked the second episode. The crisis resulted in a sharp fall in Chilean exports to Asia and there were fears that imports from Asia might increase significantly.

The second level of trade policy was developed vigorously from 1990 onwards. The government acknowledged that unilateral opening would not automatically ensure market access by the rest of the world. There was also keen interest in the country's international reinsertion. Hence, Chile participated actively in the various initiatives outlined in Figure 2.

To address this broad and ambitious trade agenda, the government set up three types of working committees with the task of noting the views of the various actors affected by or interested in these initiatives (Figure 4).

It is important to note that the consultation process was an initiative taken by the Executive branch. There was no legal requirement for it; it was a response to the political and technical need to deal with the negotiations appropriately and to ensure social support for them.

The Inter-Ministerial Committee on International Economic Relations was set up by decree. It is chaired by the Foreign Minister and includes the Finance, Economy and Agriculture Ministers, as well as the Secretary General of the Presidency. The committee fixes the general policy outlines for international economic negotiations and takes decisions on related issues. Its secretary is the Director General of International Economic Relations, who is responsible for the negotiations. The Foreign Ministry is responsible for the negotiations.

Before such coordination was established within the Executive branch, various agencies were responsible for international economic negotiations, particularly the Foreign, Economy and Finance Ministries. The Foreign Ministry won overall responsibility for the negotiations in 1994 through the General Directorate for International Economic Relations, under the aegis of the Inter-Ministerial Committee. However, this committee is now not in charge of all key decisions. The recent decision to begin negotiations with the United States, for example, was taken directly by the president without regard to the committee.

Instructions and decisions arising from the committee's deliberations are implemented by the Committee of Negotiators, which is comprised of representatives of the ministries and the various public bodies who will participate in the negotiations. Depending upon how the negotiations will be organized specifically, these members will maintain smooth relations with the private sector so as to ensure that the negotiations proceed. Organizing the Committee in this way ensures that it is responsive to the usual thematic structure of international economic negotiations.

At the public and private sector level, the Committee of Public-Private Participation for international economic relations is responsible for informing the private sector of the various issues which will be of interest to them in the negotiations and for discussing these issues with business. The committee is chaired by the Minister of Economy and is made up of the Ministers of Finance, Foreign Relations and Agriculture, as well as representatives of other government agencies. Private sector representatives include the leaders of the Confederation of Production and Trade, which represents all of the country's economic sectors, and various business associations representing the export sectors. This is not necessarily a rigid mechanism, however, since the negotiations with the United States created links between parallel bodies and both the private sector and civil society.

The influence of different sectors has been evolving in recent years. Earlier negotiations for market access agreements tended to assume neutral definitions. The negotiations with MERCOSUR and Canada were followed by a growing number of tariff reduction programs as well as stricter rules of origin and tariff quotas (pp. 38-40).

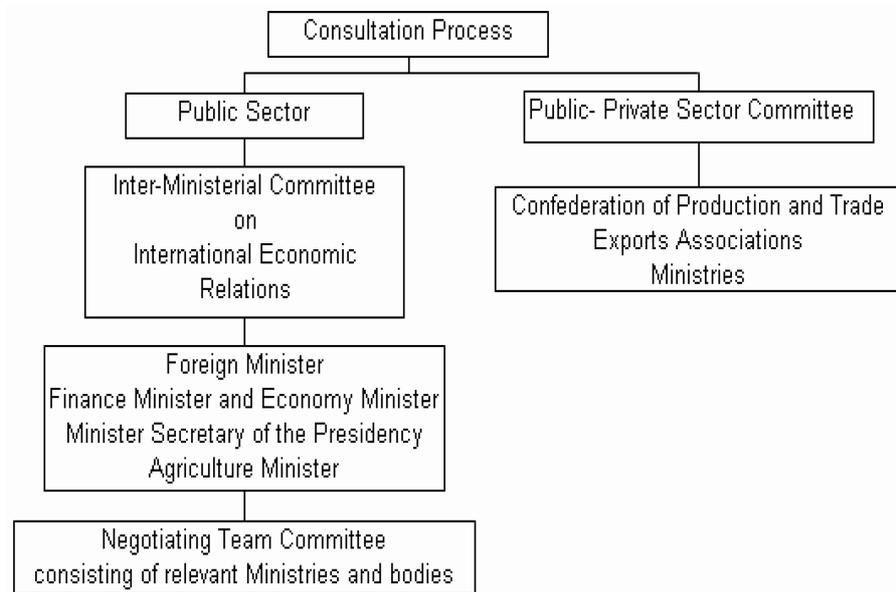


Figure 4. Consultation process

#### *Trinidad and Tobago*

In the Government of the Republic of Trinidad and Tobago (GORTT), the most important economic sector is the agricultural sector. Unfortunately, the agricultural sector does not co-ordinate with the various ministries (Woods & Knutsen, 2001, p. I).<sup>3</sup> Fred Woods, an organizational consultant, recommends the establishment of an “Advisory Commission on Policy and Program Coordination” through the Prime Minister’s office. He also recommends establishing coordination mechanisms between the various ministries that interact with the agricultural sector (pp. I-II).

The lack of coordination amongst ministries makes it difficult for the Ministry of Food Production and Marine Resources (MFPMR) to “carry out its responsibilities to farmers, agribusiness, consumers and GORTT in general.” This lack of coordination can be a result of the lack of legislative authority, “differences in priorities, system rigidities, a lack of

<sup>3</sup> Woods, F. & Knutson, R.D. 2001. *Inter-ministerial coordination needs assessment*. ITDS-TASRP Assessment Report for the Government of the Republic of Trinidad and Tobago (GORTT).

communication, and a lack of follow-through or inadequate resources” (p. 2).

Woods describes the IMC aspects of Trinidad and Tobago’s Agriculture Policy and suggests the following:

*Achieving More Effective Inter-ministerial Coordination*

The overall objective of the Agricultural Sector Reform Program (ASRP) was to revitalize Trinidad and Tobago’s agricultural sector with the intent of transforming it into a market-driven economy. The MFPMR acknowledged its role as shifting from a direct, sometimes competing, participant to that of facilitator of the process. This was to be achieved through the exercise of oversight and regulatory responsibilities and the provision of public goods such as agricultural research and extension education to the agricultural sector. To carry out this role effectively requires extensive coordination of policies and programs with other Ministries and Agencies of the GORTT.

Although at first glance, it appears that GORTT has the institutional structures needed for inter-ministerial coordination to take place, it is evident that the required coordination frequently does not occur.

Virtually every significant action of a Ministry seems to require the preparation of a Cabinet Note, followed by a Cabinet Decision, even if formal action by Parliament is not required. Ministries have the authority to enter into ‘Cooperative Agreements’ with other Ministries or to form inter-ministerial committees to formulate policy and to carry out program planning activities where joint interests/responsibilities are involved. Sometimes requirements for inter-ministerial coordinating and action committees are included in legislation. Yet, the coordination and collaboration among Ministries and agencies of the GORTT that is required to formulate policy and implement programs of joint and mutual interest to the benefit of Trinidad and Tobago citizens does take place.

*Creating an Advisory Commission on Policy and Program Coordination*

Woods recommends the establishment of an Advisory Commission on Policy and Program Coordination in the Office of the Prime Minister. This office would have the overall responsibility for overseeing and monitoring the implementation of GORTT policies and regularly advising the Prime Minister and the Cabinet about the status of such implementation.

Woods further states that far too much legislation in Trinidad and Tobago is not implemented or, if it is implemented, is not enforced. The result is a situation in which laws are not always adhered to by citizens and policies which have been approved by parliament are not carried out. Such inaction is inappropriate to a democratic society.

#### CHAPTER 4

##### *Advisory Commission on Policy and Program Coordination*

The predominant mission of the proposed office would be to assist the GORTT in the efficient and effective implementation of policies duly enacted by the GORTT. Specifically this office would have the following functions:

- Advisory responsibility for overseeing and monitoring the implementation of policies,
- Assuring that sector policies (and the programs that are implemented under them) are consistent with GORTT monetary and fiscal policies, and
- Ensuring that the required inter-ministerial coordination and collaboration for establishing and conducting the programs which implement these policies take place.

Monitoring the effectiveness of these programs, and the extent to which the GORTT budget supports its policies, would be greatly facilitated by the adoption of GORTT-wide activity-based budgeting.

Woods further suggests that consultancy be recommended for this office which would provide the Prime Minister and the Cabinet with advice relative to increasing the efficiency and effectiveness of policy implementation by the GORTT. This office should not be permitted to become a 'State Planning Agency' or allowed to control the activities of the individual GORTT Ministries. It would, as its name implies, be an advisory commission only. It is also essential that it establish close and regular liaisons with the several Ministries to effect inter-ministerial coordination and collaboration (Figure 5).

As monetary and fiscal (macroeconomic) policies impact all sector policies, the largest staff component in the Advisory Commission should consist of two to four macroeconomic policy specialists who are responsible for monitoring and advising on, macroeconomic policy impacts on the various sector policies and providing feedback on whether sector policies are consistent with the GORTT's various national planning activities. This staff would liaison with the Ministry of Finance and the Ministry of Integrated Planning and Development, and with the Advisory Commission staff responsible for monitoring sector policies. Persons responsible for sector policy and liaison could have two to four sector policies in their respective portfolios. A staff of not more than a total of eight to ten professional positions is envisioned.

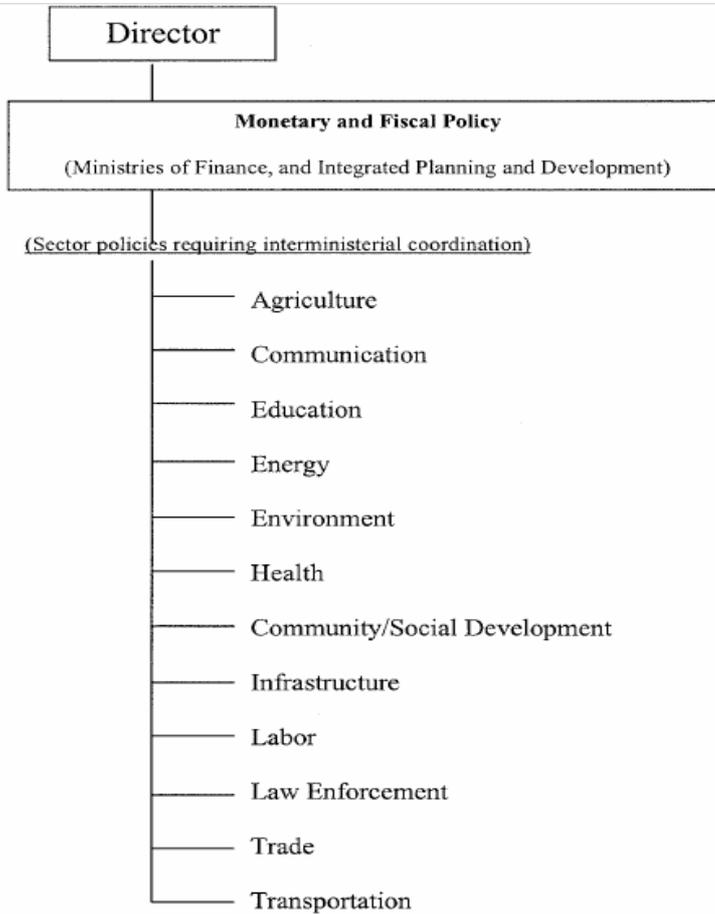


Figure 5. Advisory Commission on Policy and Program Coordination  
(Based on Woods, p. 6)

*MFPMR Actions to Improve Inter-ministerial Coordination*

According to Woods, the MFPMR is committed to establishing strategic relationships with other Ministries which have responsibilities that impact the agricultural (and rural) sector. It cannot afford to wait on GORTT to begin this institutionalized coordination, but should proceed as quickly as possible to establish these strategic relationships.

There have been attempts at inter-ministerial coordination in the past but none have produced effective results. The most important reason for their lack of effectiveness is a problem which is inherent to MFPMR: lack of communication. People who represent the Ministry at inter-

ministerial and other official meetings generally see no need – nor are they required to – to provide briefing memoranda to the Permanent Secretary, the Minister or anyone else in the Ministry who might have an interest in the subject of the meeting.

Woods further states that another important reason for the lack of effective inter-ministerial coordination lies in MFPMR's tendency to appoint the Chief Technical Officer (CTO) as the MFPMR representative to inter-ministerial and other committees, both ad hoc and legislatively mandated. Organizationally, the CTO is responsible for only a portion of the Ministry's divisions and, while required to be knowledgeable about the technical agricultural areas related to these divisions, he may not be particularly knowledgeable about fisheries or land and water resources. In any case, the CTO appears to be so overloaded with committee assignments that he may not be able to effectively represent the Ministry on them, much less fulfil his primary assignment of coordinating a significant portion of the Ministry's divisions.

Before MFPMR can establish effective *inter*-ministerial coordination, it must establish effective *intra*-ministerial coordination. Woods found very little evidence that the Ministry's divisions co-ordinate or collaborate with each other, and even when they did, there was no established reporting mechanism in place to inform the Ministry's management (Permanent Secretary and Minister) of the results of this cooperation. On the contrary, the consultancy found considerable evidence that coordination and collaboration required did take place. It has made a number of recommendations for correcting these deficiencies.

In addition to adopting the recommendations contained in the individual needs assessment, adoption of the consultancy's recommendations for restructuring the Ministry's Head Office will help correct the situation. These recommendations include the establishment of two additional CTO posts and improved communications (IT) support combined with the implementation of activity-based budgeting and a regular system of activity reporting. However, the most essential element required in order to be able to correct these deficiencies is strong and continuing commitment by the Permanent Secretary and Minister to establish, support and enforce a policy of open communication, cooperation and coordination. Without this commitment, this report is a meaningless exercise.

MFPMR should take the lead in establishing inter-ministerial committees with appropriate ministries and agencies. Woods has proposed that many of these committees could be implemented through the National Agricultural Development Advisory Committee (NADAC), a structure proposed as a device to solicit stakeholder input in the Sector Policy report.

MFPMR should appoint, as ministry representatives, those persons who have direct responsibility for the subject policies and programs. For the most part, this would mean that division directors will take over much of the representation of the Ministry on inter-ministerial policy coordinating committees and those persons directly in charge of the particular program would serve as Ministry representatives on program coordinating committees.

In the case of the areas that the MFPMR has designated Ministry ‘focal points’, the primary person responsible for the focal point would represent the Ministry in all matters relating to that area. Designated ‘focal points’ include stakeholders, agribusiness, rural development, trade, farm environmental issues, food security, education and training, and marketing.

For every inter-ministerial committee set up, one or more programs or project working groups would be established with membership consisting of those persons most directly involved in carrying out the programs and/or projects that are subject to the jurisdiction of the ministries involved. Moreover, for every inter-ministerial committee and/or working group, a regular system of informing others in the Ministry, with appropriate enforcement mechanisms, would have to be established (Woods, pp. 3-9).

The reasons for the lack of coordination between the National Ministry and the THA Division of Agriculture are: distance, transportation time and cost between the two islands; the overall Ministry problem with communication; and the growing tendency of the THA to distance itself from the national government in Port of Spain. (10) Woods recommends teleconferencing to decrease costs while increasing coordination meeting frequency (p. 11).

#### ASIA AND SOUTHEAST ASIAN REGION

##### *The Philippines*

The Task Force on WTO Agreement on Agriculture Re-negotiations (TF-WAR) was created in the Philippines to encourage more participation by the business sector in policy-making and to serve as a forum for discussion between the various stakeholders in agriculture. It included many business and non-governmental associations, as well as government agencies dealing with agriculture (Baracol, 2006).<sup>4</sup>

<sup>4</sup> Baracol, D.S. 2006. *Philippines: Stakeholder participation in agricultural policy formation*. Case study published by the WTO in the book ‘Managing the Challenges of WTO Participation: Case Studies’. Available from: [http://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/case36\\_e.htm](http://www.wto.org/english/res_e/booksp_e/casestudies_e/case36_e.htm).

## CHAPTER 4

The TF-WAR's responsibility was to "consider, develop, evaluate, and recommend Philippine negotiating positions and strategies for a new round of negotiations." It was reorganized several times, with the most important improvement being the creation of the TF-WAR core group. This group was mandated with improving the technical and policy work of the TF-WAR and with enabling quick responses to developments in the negotiations with the WTO's agricultural sector. The core group was made responsible for assessing TF-WAR policies and for recommending ways to fix their procedures.

In the following table (Table 2), various organizations found in the Philippines and other ASEAN countries are detailed, explaining how they facilitate inter-ministerial coordination.

### *ASEAN Countries*

The Association of South East Asian Nations (ASEAN) consists of the following countries: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. What follows is a list of their respective trade policy-making structures and the related groups of stakeholder actors.

### *African Region*

The following section first describes IMC in Nigeria and Uganda and continues with a table listing policy direction, policy formulation and policy implementation in several African countries, namely Malawi, Tanzania, Uganda, Zambia and Kenya.

### *Nigeria*

Until recently, Nigeria's trade policy formulation and implementation were carried out by governmental and inter-governmental agencies. The tasks were divided between various public sector agencies. These agencies have overlapping responsibilities and the levels of coordination in them are deficient. Nigeria has weak public sector institutions making its policy-making process diffuse. This moreover leads to lobbying and ad hoc interventions by third parties who attempt to thereby influence policy

Country	Name of organizations	Functions	Structural units and their responsibilities	Other stakeholders and remarks
Vietnam	National Committee for International Economic Cooperation	<p>Main function is to assist the Prime Minister,</p> <ul style="list-style-type: none"> <li>- by supplying concrete guidance</li> <li>- by helping to co-ordinate the activities undertaken by Vietnam's Ministries and local governments in participating in trade-economic activities within ASEAN, ASEM, and APEC; and</li> <li>- in negotiating access to and participation in WTO and other international, regional trade-economic organizations.</li> </ul>	<p>As a coordinating and advisory body, the NCIEC is positioned between the Prime Minister's Office and the ministries. It is chaired by a Deputy Prime Minister. Each of the 18-member ministries is represented by a Vice minister. Representative(s) of the Communist Party's Economic Commission attend the meetings, too. The Minister of Trade is Vice Chairman. Budget and staff of the insufficiently equipped secretariat is allocated through the Ministry of Trade (MoT).</p>	<p>NCIEC is <i>not</i> perceived as an independent body which facilitates integration issues. Moreover, effective inter-ministerial coordination requires a very detailed knowledge of WTO agreements and regulations which is currently unavailable due to limited staff and infrastructure.</p>
	Ministry of Trade	The Ministry is responsible for trade policy.	The Ministry consists of several departments and its Multilateral Trade Policy Department deals with the coordination of trade issues.	Because of the NCIEC's capacity constraints, inter-ministerial coordination is still organized by the MoT's well-trained and experienced Multilateral Trade Policy Department.
Cambodia	The Ministry of Commerce	The Ministry of Commerce is responsible for trade policy.	<p>The Ministry consists of several departments and its ASEAN &amp; IOs Department deals with the coordination of trade issues. It consists of:</p> <ul style="list-style-type: none"> <li>- the ASEAN office</li> <li>- the WTO office</li> <li>- the Coordination and International Organizations Office</li> </ul> <p>The Coordination and International Organizations Office is responsible for coordination of and cooperation with international organizations such as UNCTAD, APEC, ESCAP, EU, UNDP, ADB, IMF, and WB. The Department also co-ordinates with other ministries concerning ASEAN and WTO affairs. It moreover provides assistance to departmental leaders.</p>	<p>To solicit views from the private sector, the government of Cambodia organizes Government-Private Sector Forums in which members of the Royal Government, provincial and municipal governors, institutions, diplomats, dignitaries, and domestic and international investors participate.</p>

CHAPTER 4

Thailand	The Ministry of Commerce	The Ministry of Commerce (MOC) leads on trade policy.	The MOC's main structural unit is the Department of Trade Negotiations. It co-ordinates WTO- and ASEAN- related policy with other ministries and regulatory agencies; <ul style="list-style-type: none"> <li>- co-ordinates co-ordinate some (but not all) FTA negotiations,</li> <li>- consults with business and NGOs, and liaises directly with Thailand's mission to the WTO in Geneva.</li> </ul>	The Department of Trade Negotiations interacts closely on specific issues with <ul style="list-style-type: none"> <li>- the Fiscal Policy Office (Ministry of Finance),</li> <li>- the Office of Industrial Economics (Ministry of Industry),</li> <li>- the Office of Agricultural Economics (Ministry of Agriculture and Co-operatives), the Board of Investment (on FDI issues), and relevant departments of other ministries and agencies (e.g. Public Health, Energy, Transport, Information Technology and Communications, Bank of Thailand).</li> </ul>
	Ministry of Foreign Affairs	The MFA provides the chief negotiators for the key bilateral negotiations with the USA and Japan.		
	The Inter-agency Committee on International Economic Relations Policy	The Inter-agency Committee on International Economic Relations Policy, headed by the Deputy Prime Minister (who is also the Minister of Finance), coordinates trade and investment and other international-economic policies.		
	The Joint Standing Committee on Commerce, Industry and Banking	The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) brings together government agencies and private-sector bodies (the Thai Chamber of Commerce, the Federation of Thai Industries and the Thai Bankers' Association) on trade-policy issues. The JSCCIB formed a WTO Committee in 1999 to increase business input to Thai positions in multilateral trade negotiations.		

Philippines	The President	<p>The President appears to have substantial powers regarding the formulation and implementation of trade policies. Through the President, many laws grant the executive branch discretionary powers to apply different measures. For instance, the Customs Code allows the President to fix, within specific limits, tariff rates, import and export quotas, tonnage and wharf dues, and to take measures to counteract trade practices deemed to be discriminatory.</p>		
	The Department of Trade and Industry	<p>The Department of Trade and Industry (DTI) is responsible for the implementation and coordination of trade and investment policies as well as for promoting and facilitating trade and investment.</p>		
Singapore	Ministry of Trade and Industry	<p>The Ministry of Trade and Industry has overall responsibility for trade policy formulation and implementation in Singapore.</p>	<p>The Ministry of Trade and Industry consists of</p> <ul style="list-style-type: none"> <li>- the International Enterprise Singapore (deals with trade promotion),</li> <li>- the Economic Development Board (investment promotion, development policy, industrial development),</li> <li>- the Standards, Productivity and Innovation Board (standards and conformance),</li> <li>- the Singapore Tourism Board (deals with tourism) and</li> <li>- the Hotel Licensing Board (deals with hotel licensing).</li> </ul>	<p>Singapore regularly consults with the business community through meetings between the MTI and the Singapore International Chamber of Commerce, Singapore Confederation of Industries, and with Singapore Business Federation. Consultations are also held with the tripartite National Wages Council, the National Trades Union Congress, and the Consumers Association of Singapore if deemed appropriate.</p>
	Singapore Business Federation	<p>Large companies represent the business community.</p>	<p>All companies registered in Singapore with a paid-up capital of S\$0.5 million and above should participate in this. Subscription fees range from S\$300 to S\$800 depending upon the level of company's paid up capital. Similar companies may also join if they wish to do so. The SBF's role is to liaise</p>	

CHAPTER 4

Indonesia	President and Cabinet	<p>Final responsibility for the formulation and implementation of trade and other economic policies remains largely with the President and the Cabinet. The President chairs the Economic Stabilization Council. The Cabinet on Economic Affairs still considers policies before they are submitted to the Council. The President also continues to chair the National Economic and Financial Resilience Council, which supervises the implementation of the IMF programme.</p>	with the Government on matters of concern to its members.	<p>No independent body is responsible for publicly reviewing or advising government on trade and sectoral assistance policies. However, external advice is available to the government from multilateral institutions such as the IMF and the World Bank, both of which have well-established offices in Jakarta. They have been instrumental in helping Indonesia to cope with the policy reforms the economic and financial crises have made necessary. Other institutions such as the Asian Development Bank, Partnership for Economic Growth – USAID, JICA, and the Harvard Institute for International Development also advise ministries on various trade and other economic policies.</p>
	The Ministry of Industry and Trade	<p>The Minister of Industry and Trade has retained ministerial responsibility for trade and industrial policy formulation. Since 1998, a new Directorate General for International Cooperation for Industry and Trade has focussed on international, regional, and bilateral industrial and trade relations as well as on trade remedies.</p>		

<p>Malaysia</p>	<p>The Ministry of International Trade and Industry (MITI)</p>	<p>The Ministry of International Trade and Industry (MITI) is the central authority charged with the planning and implementation of Malaysia's international trade and industrial policies. The Ministry has the following objectives:</p> <ul style="list-style-type: none"> <li>- to plan, formulate and implement policies on industrial development, international trade and investment;</li> <li>- to encourage foreign and domestic investment;</li> <li>- to promote Malaysia's exports of manufacturing products and services by strengthening bilateral, multilateral and regional trade relations and cooperation;</li> <li>- to enhance national productivity and competitiveness in the manufacturing sector.</li> </ul>	<p>The Ministry consists of</p> <ul style="list-style-type: none"> <li>- the Malaysian Industrial Development Authority,</li> <li>- the Malaysian Industrial Development Finance, Malaysia External Trade Development Corporation,</li> <li>- the National Productivity Corporation, Small and Medium Industry Development Corporation.</li> </ul> <p>The National Committee on Multilateral Trade Negotiations, headed by MITI, coordinates and formulates national positions on the Doha Development Agenda issues. Issues requiring policy decisions are forwarded to the Cabinet for approval. Eleven subject-related working groups were established to assist the MTN Committee and include representatives from other ministries, government agencies, private sector, professional bodies, and other stakeholders.</p>	<p>Representatives from the business sector, academics, and NGOs, including several interest groups, are members of the various task forces and committees chaired by the Minister of International Trade and Industry. MITI incorporates the views and inputs received into the policy formulation process. There are processes for continuing review of established policies. For example, producers and consumers can make representations for changes in tariff levels to a special advisory committee during annual consultations on the budget.</p>
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Table 2. Trade policy-making and IMC in ASEAN

#### CHAPTER 4

(Jerome, 2005, p. 4).<sup>5</sup> The successful implementation of trade policy here is dependent upon “collaboration among the relevant government ministries and agencies” and upon “continuous dialogue and consultation with major stakeholders.” This sort of collaboration and consultation is limited in Nigeria due to the split in responsibility between trade policy formulation and the authority to negotiate and sign trade agreements, and the staffing of the various ministries and other government agencies involved with trade-related policy-making.

Although Nigeria has established institutional mechanisms for the country’s full participation in multilateral trade negotiations, its government and their mission in Geneva do not communicate properly. Nigeria also lacks human and material resources and their knowledge of the issues discussed in their negotiations is small. They compound their problems by frequently moving officials back and forth between Abuja and Geneva, thereby preventing their officials from gaining significant knowledge of one side of the system (pp. 5-6).

The current system for trade policy-making in Nigeria requires high levels of coordination between ministries and stakeholders to develop coherent national positions. Unfortunately, the ministries are very poorly linked since there are no formal IMC mechanisms. This can lead to conflicts over the division of tasks, as well as over issues related to proper process for trade policy-making (p. 10).

#### *Uganda*

In 1998, Uganda set up the Inter-institutional Committee (IIC), a national forum designed:

- “To co-ordinate the formulation and implementation of trade policy relating to the implementation of WTO obligations in the country and to WTO negotiations,
- To backstop Uganda’s negotiators at the WTO,

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<sup>5</sup> Jerome, A. 2005. *Institutional framework and the process of trade policy making in Africa: the case of Nigeria*. Paper prepared for the International Conference ‘African Economic Research Institutions and Policy Development: Opportunities and Challenges’, Dakar, Senegal (28-29 January). Organized by the Secretariat for Institutional Support for Economic Research in Africa (SISERA). Available from [http://www.idrc.ca/uploads/user-S/11085711371Institutional\\_Framework\\_of\\_Trade\\_Policy.pdf](http://www.idrc.ca/uploads/user-S/11085711371Institutional_Framework_of_Trade_Policy.pdf)

- To provide a platform for the formulation of policy relating to the utilisation of export opportunities, and To assist in sensitising stakeholders about the WTO” (Elyetu, 2004, p. 3).<sup>6</sup>

This committee allows Uganda to create a more unified national negotiating position. It is an excellent forum for the various stakeholders to share their views on trade policy formulation and implementation and to formulate their negotiating positions (p. 3). The mandate of the IIC is to facilitate negotiation amongst Uganda stakeholders in any way possible (p. 4). Its contributions to capacity building in Uganda are substantial, particularly in the areas of “coordination, the development of negotiating objectives, [and the] improvement of knowledge” (p. 8).

The existing institutional setup relevant to the process of trade policy formulation includes in-country inter-agency coordination, channelled information exchange with the country’s Geneva representative and a broad process of consultations with various stakeholders, such as the business associations, academia, and the civil sector.

Although the setup exists, it is characterised by many shortcomings which affect the quality of Uganda’s participation in multilateral trade negotiations and which weaken its negotiating position. Reasons for this underperformance are many and they all relate to the fact that Uganda, like many other developing countries, struggles with a lack of institutional, financial and human capacity to formulate sound trade policy objectives, translate them into negotiating proposals and defend the proposals in the negotiating arena (Rudaheeranwa & Antingi-Ego, 2006).<sup>7</sup>

Referring to the CUTS study mentioned in the introductory section, Table 3 below shows the institutional arrangements which the five African countries have developed up to now.

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<sup>6</sup> Elyetu, E.P. 2004. *The Uganda inter-institutional trade committee JITAP: capacity building in assuring developmental gains from the multilateral trading system*. Discussion paper: Uganda. Available from:

<http://www.jitap.org/UNCTAD%20XI%20JTAP%20event%20180604%20UGANDA.pdf>

<sup>7</sup> Rudaheeranwa, N. & Antingi-Ego, V.B. 2006. *Uganda’s participation in WTO negotiations: institutional challenges*. Case study published by the WTO in the book ‘Managing the Challenges of WTO Participation: Case Studies’. Available from:

[http://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/case14\\_e.htm](http://www.wto.org/english/res_e/booksp_e/casestudies_e/case14_e.htm)

CHAPTER 4

Country	Government		
	Policy Direction	Policy Formulation	Policy Implementation
<b>MALAWI</b>	President's Office (No independent statutory body to review or advise the Government on economic and trade policies. Most economic policy advice to the Government comes from the Reserve Bank, the Ministries of Finance and Economic Planning, and Industry and Trade)	Ministry of Industry, Trade and Private Sector Development Ministry of Agriculture and Food Security Ministry of Economic Planning Ministry of Finance	Ministry of Industry, Trade and Private Sector Development Ministry of Finance Malawi Revenue Authority Reserve Bank of Malawi, Malawi Bureau of Standards Malawi Investment Promotion Agency Malawi Export Promotion Council (MEPC) Other Line Ministries
<b>TANZANIA</b>	President's Office Ministry of Industry, Trade and Marketing (MITM)	Ministry of Industry, Trade and Marketing (MITM) Ministry of Foreign Affairs & International Cooperation Ministry of Finance Ministry of Agriculture & Cooperatives	Ministry of Industry, Trade and Marketing (MITM) Tanzania Revenue Authority Board of External Trade Other Specialised Government Agencies Other Line Ministries and Agencies
<b>UGANDA</b>	President Cabinet Presidential Economic Policy Forum Ministry of Finance, Planning & Economic Development	Ministry of Tourism, Trade and Industry (MTTI) Ministry of Agriculture, Animal Industry and Fisheries Ministry of Foreign Affairs	Ministry of Tourism, Trade and Industry (MTTI) Ministry of Justice and Constitutional Affairs (MOJCA) Ministry of Local Government (MOLG) Uganda Export Promotion Board (UEPB) Uganda Revenue Authority (URA) Other Line Ministries and Agencies

IMC IN THE DEVELOPING COUNTRIES

<b>ZAMBIA</b>	Ministry of Commerce, Trade and Industry (MCTI)	Ministry of Commerce, Trade and Industry (MCTI) Ministry of Finance and National Planning (MoFNP) Ministry of Justice and Legal Affairs Ministry of Foreign Affairs (MoFA) Ministry of Agriculture and Cooperatives (MOCA)	Zambia Revenue Authority (ZRA) Patents and Companies Registration Office (PACRO) Zambia Bureau of Standards (ZBS) Zambia Competition Commission (ZCC) Other Line Ministries & Agencies
<b>KENYA</b>	President's office National Economic and Social Council Office of the Prime Minister, Ministry of Planning, National Development and Vision 2030  Ministry of Finance	Ministry of Trade Ministry of East African Community Ministry of Industrialisation Ministry of Foreign Affairs Ministry of Agriculture	Ministry of Trade Kenya Revenue Authority Kenya Bureau of Standards Other Line Ministries & Agencies

*Table 3. Institutional arrangements of policy making in 5 African countries*

As can be seen from figure above, there are forums devoted to inter-ministerial coordination only. These have slightly different titles (e.g., Inter-Ministerial Committee- IMC in Kenya, Inter- Ministerial Technical Committee – IMTC in Tanzania, etc.) but they serve the same objective. These committees are a standard feature of government set up in all of the five African countries which were part CUTS' analysis.



## CHAPTER 5: IMC IN TRANSITION COUNTRIES

A study by The Overseas Development Institute (ODI) analysed IMC in transition countries such as Bulgaria, China, the Czech Republic, Poland, Kazakhstan, Slovenia and Russia. It measured them on the basis of their personal security, social welfare, national interest, civilian control, and peace (Hyden et al., 2003, p. 14).<sup>1</sup>

### CENTRAL AND EAST EUROPE

There is a trend in the Central and East European Countries (CEECs) to increase IMC in order to implement drug policy better. IMC creates a stronger political will and increases the amount of resources available. All of the CEECs have an inter-ministerial committee that focuses on coordinating anti-drug efforts; they usually take on advisory, coordination, and implementation roles. Occasionally they are used for drug-control activities. The ministers and secretaries of state are required to attend meetings at least biannually (European Monitoring, 2003, p. 1).<sup>2</sup>

#### Box 9: Romania

Romanian policymaking reform is not making much headway because the required institutions are not in place. (Craciun, p. 4) Ministries in Romania do not have a history of cooperation. Inter-ministerial institutions tend to function poorly there and they are often characterised by unconnected responsibilities and a lack of output. The horizontal coordination responsibilities are split between the Prime Minister, the Ministry of European Integration, the Ministry of Foreign Affairs and the Ministry of Public Finances. (p. 5)

#### Box 10: Slovakian Reform

Staronova claims that the efforts most likely to improve the policy and legislative process in Slovakia are implementation of inter-ministerial coordination policies and reformation of the institutional arrangement of the various ministries. (Staronova, p. 8)

<sup>1</sup> Hyden, G., Court, J., & Mease, K. 2003. *Government and governance in 16 developing countries*. Working paper. The Overseas Development Institute.

<sup>2</sup> European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). 2003. *The state of the drugs problem in the acceding and candidate countries to the EU*. Annual report.

## BULGARIA

In Bulgaria, decision making involves weekly operational meetings by the Council of Ministers (COM); these meetings take place before the government's formal meeting which takes place every Thursday. The meetings are used to report on discussions and to "transmit items for follow-up" (OECD SIGMA, 2005, p. 2).<sup>3</sup>

When engaging in IMC, Bulgarian ministers must consult with all of the other ministries before submitting a proposal to the COM. All notes from these consultations must be included in the proposal along with explanations particularly in cases where the thoughts of the other ministries have not been included in the final proposal. Most laws are prepared by inter-ministerial working groups that address most of the legal issues before they are submitted for a decision (p. 2).

The Bulgarian system makes use of councils headed by members of the COM. These bodies can be standing or ad hoc and they focus on coordination, analysis, and information. This habit has increased the occurrence of informal consultation. Policy coordination amongst ministries has increased, but the quality of legislation must also improve and ministerial policy capacities must be strengthened (p. 3).

## THE CZECH REPUBLIC

The Czech government considers legislative planning an important factor in ensuring that the cabinet's decisions with respect to "defining deadlines and responsibilities" are efficient and that they 'provide the generalists in the cabinet with one of the few tools of control over ministers' (Kabele & Linek, 2004, p. 18).<sup>4</sup> This was especially true when the government was attempting to harmonise its laws with those of the EU (p. 2).

By overproducing laws, the legislative branch has lost power to the executive branch. However various departments within the legislative branch have gained power through their work on harmonisation of Czech

<sup>3</sup> OECD SIGMA. 2005. *Bulgaria policy-making and coordination assessment June 2005* and *Bulgaria policy-making and coordination assessment 2003*. Available from: <http://www.sigmaweb.org/dataoecd/40/16/34990358.pdf>, <http://www.sigmawebt.org/dataoecd/3/6/35848779.pdf>.

<sup>4</sup> Kabele, J. & Linek, L. 2004. *The decision-making of the Czech cabinet: EU accession and legislative planning between 1998 and 2004*. Paper prepared for the Joint Sessions of Workshops, Workshop No. 10: The Process of Decision-Making in Cabinets in Central-Eastern and Southern Europe, Uppsala, Sweden (13-18 April). Available from: <http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/upsala/ws10/LinekKabele.pdf>.

laws with those of the EU, while the central coordination bodies have only supervised and kept records (p. 18).

## ESTONIA

One of the Estonian government's most important shortcomings is its administrative capacity (Drechsler, 2004, p. 388).<sup>5</sup> In fact, the latest *Support for Improvement in Governance and Management (SIGMA)* report warns that if Estonia does not increase the number of its coordination and control mechanisms, it is in danger of dissolving as a state (p. 390).

Of all of the countries in Central Eastern Europe (CEE), Estonia's model of governance is one of the closest to NPM, a model that has led to many problems, especially in CEE, by holding back development (p. 392).

According to Drechsler, Estonia should definitely switch to a Weberian model since they strongly support the Lisbon Strategy which necessitates "a capable state and a particularly high administrative capacity" (p. 393).

Experience with CEE has proven that a strong role for the state in economic and social affairs needs to be present. If administrative capacity is strengthened in Estonia, then public administration reform will line up with EU standards (pp. 393-394).

## POLAND

The Urząd Komitetu Integracji Europejskiej (UKIE) is the Polish structure that handles the coordination of European efforts, but is fairly new in comparison to those found in Western Europe (Bouquet, 2006, p. 3).<sup>6</sup>

Even before joining the EU, Eastern European governments were pressured into adapting their structures to those of the EU in preparation for their accession (p. 3). This included coordination of the actions of their ministries for European affairs, defining the priorities of their countries, and making sure that their representation at the EU headquarters in Brussels was aware of all the information required and kept Parliament informed (p. 4).

Convergence in administrative policy in European countries is guaranteed due to the growing importance of the EU and the increasing

<sup>5</sup> Drechsler, W. 2004. Governance, good governance, and government: the case for Estonian administrative capacity. *TRAMES*. 8(58/53), 4, 388-396.

<sup>6</sup> Bouquet, E. 2006. *National coordination of EU policy*. Working paper FG 1, German Institute for International and Security Affairs.

## CHAPTER 5

need for coordination. Newer members are restructuring their governments to coincide with the structures used by the older members (p. 5).

Like the French system, UKIE contains a separate entity for coordination (p. 7) and a strong central government (p. 8). Polish representatives have said that they were not copying the French system exactly; they simply chose the features that worked for them (p. 9).

The UKIE has yet to create a permanent position among the other entities in the EU and they lack the influence found in the other established entities (p. 14). In Poland, hierarchy in public administration is incredibly strong, making both inter- and intra-ministerial coordination difficult as it also under the authority of a comparatively weak Prime Minister, who practically negates its decisions (p. 15).

### SLOVENIA

In Slovenia, coordination of European affairs encompasses, among other things, inter-ministerial coordination and the drafting of positions for Slovene representatives attending meetings of the working parties, committees and ministerial meetings of the Council of the EU and the European Council.

#### Box 11: Slovenian Amendments

Article 2 of Slovenia's amendments requires inter-ministerial coordination before submitting documents to the central government. All proposals must go through the ministry of finance and other ministries should be notified about proposals that concern their interests. If coordination cannot occur due to urgency or an inability to cooperate, the proposal can be submitted to the central government. (Amendments, p. 2)

Here, the coordination system includes competent authorities, central coordination units, the Permanent Representation in Brussels, working groups for the preparation of positions during the process of adopting legislative proposals and other European Union acts (working groups for preparation of positions), the Working Group for European Affairs, the government and the National Assembly.

As the central coordinator for European affairs, the Government Office for Development and European Affairs (GODEA), in particular, provides for correct preparation and submission of positions on proposals upon which the European Union Council decides. Excepted from this are proposals in the field of common foreign and security policy, the

coordination of which falls within the competency of the Ministry of Foreign Affairs.

The GODEA selects the ministry or government office that is competent in drafting positions on individual proposals for the European Union. At the same time, participating ministries and the competent working group for drafting positions are designated.

If there is a conflict concerning this competency, the GODEA prepares a proposal with an eye to resolving the conflict. It also organizes a coordination meeting, if needed. If no agreement can be reached, the conflict concerning the competency is settled by the government based upon on recommendations made by the GODEA.

Coordination and approval of positions is carried out through the EU-Portal government information system, as well as through other coordination mechanisms, such as the convocation of working groups for drafting positions, the Working Group on European Affairs, or informal inter-ministerial meetings. The EU-Portal is operated by the GODEA. The GODEA also puts forth initiatives for the use of additional coordination mechanisms.

In principle, the competent ministry prepares a position on the first draft of a proposed EU act. The position is then adequately amended according to the conclusions drawn after discussions held within the working bodies of the EU Council, and according to new findings or altered circumstances. The competent ministry submits the draft position for publication on the EU-Portal. If no objections have been submitted to the draft position within the set deadline, or if no member of the government opposes the published position, the draft position becomes the Republic of Slovenia's position.

The government or its committee discusses the draft positions only if coordination has not been successful, or if a competent authority or member of the government has requested that there be a discussion at a session of the government or its committee, or if a draft position is to be presented by representatives of the government at a ministerial meeting of the EU Council or in the European Council.

The general secretary of the government submits to the National Assembly a position on proposed legislation which would, according to its content and in accordance with the Constitution and legal acts, fall within the competency of the National Assembly. The position is then discussed by the National Assembly's Committee on EU Affairs or by the Committee on Foreign Policy. Slovene representatives attending meetings of the EU Council are then obliged to defend the Republic of Slovenia's official position as approved and published on the EU-Portal.

## CHAPTER 5

The preparation and coordination of positions on the acts of the European Union regarding negotiations on the accession of new Member States differs from the course of preparation and coordination described above because the documents concerned are generally classified. Accordingly, preparation and coordination of positions is carried out within an inter-ministerial working group established for this specific purpose. In general, all ministries at the level of general directors and individual government offices have representatives in such working groups.

Within the inter-ministerial working group for preparation of the Republic of Slovenia's positions on the accession of new Member States to the EU, the GODEA prepares and co-ordinates the 'technical dimension' of the position, in cooperation with the ministries responsible for the subject matter of an individual chapter. The Ministry of Foreign Affairs is responsible for the preparation of positions with respect to the 'political dimension' of the negotiations.

If issues remain unresolved at the working group level, the Working Group for European Affairs decides from among the different positions. If a decision cannot be adopted at the Working Group for European Affairs' level, or if the Working Group for European Affairs cannot be convened due to insufficient time, a decision on the issue is taken by the government or prime minister.

### KAZAKHSTAN AND AGENDA 21

Kazakhstan's current economic transition-state status and its propensity to join multilateral environmental agreements (MEAs) has led to difficulties in implementing Agenda 21, a UN programme laying out specific actions to be taken in order to promote sustainable development. To help combat this problem, Kazakhstan has created the National Centre of Sustainable Development (NECSD) to help incorporate civil society and businesses into the government's decision-making process (Boyer, 2000, p. 1).<sup>7</sup>

The NECSD is divided into multiple sub-committees and is designed to co-ordinate the various committees in the long-term. Coordination is accomplished by creating follow-up committees for specific MEAs and by making sure that single institutions monitor both non legally-binding declarations and action plans. This project was country-driven by local experts seeking to design the perfect system for Kazakhstan (pp. 2-3).

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<sup>7</sup> Boyer, B. 2000. *Developing national and regional structures for implementing Agenda 21 and other environmental commitments*. Working paper for ESCAP.

The NECSD places a great deal of importance on harmonising environmental and developmental concerns. It has been placed under the control of a Steering Council made up of several “ministries, departments, Parliament, NGOs and donor agencies” (p. 3).



## CHAPTER 6: IMC IN THE CONTEXT OF TRADE, ENVIRONMENT AND GOVERNANCE

### IMC AND WTO/GATS

Inter-Ministerial Coordination (IMC) is important in trade policy because it usually involves multilateral negotiations and because extensive coordination is needed amongst national groups for effective bargaining to take place. The importance of IMC increases when ministries become responsible for policies that require input from other ministries. IMC allows the various ministries to co-ordinate their goals and interests so that each ministry can help the others fulfil their role as policy-maker and policy-implementer. Within a single government, it is important that they work together to accomplish the goals that are of national interest.

Julia Nielson (2002) suggests that IMC, when applied to WTO/GATS negotiations, is important for the following reasons:

– *It creates united government positions*

GATS negotiations are highly information intensive. Coordination is essential to develop negotiating positions based on a complete assessment of key national priorities, and to ensure that negotiators are well informed of the full range of factors which influence the domestic services market. In federal systems, such coordination can be important in ensuring that federal government negotiators are well equipped, in terms of both knowledge and mandate, to address trading partners' questions on sub-federal measures.

– *It creates an information base on measures affecting trade in services*

One of the GATS' obligations is to be able to provide trading partners with accurate information on the domestic regulatory environment affecting trade in services for all four modes of supply. This can be assisted by the creation of a central inventory, or focal point (and, preferably, a database), of the various regulatory measures, and a means for keeping that inventory up to date.

– *It identifies and analyzes the effects of specific measures affecting trade in services*

Governments at all levels need to periodically review the effectiveness of existing domestic policies and regulations in achieving underlying

economic and social policy objectives. This may include an analysis of the trade of investment effects of regulatory measures.

– *It creates an awareness of the impact of GATS disciplines on regulatory conduct*

All parts of government need to be sensitized to the need to take into account current services trade commitments, to consider incorporating international standards where applicable, and to meet notification requirements and disciplines on regulatory conduct.

– *It prevents duplication in domestic consultations*

Especially in small and very small service firms, it is important to avoid taking unnecessary surveys in order to retain their co-operation. If a specific government entity needs to consult with firms under its direct mandate, that consultation should be co-ordinated with the trade ministry to include any GATS-related issues rather than re-surveying the firms specifically about GATS after the fact.

– *It contributes to an ongoing assessment of the impact of services trade liberalisation.*

In most countries, the data collected for impact analysis is the responsibility of national statistics agencies. However, this task is challenging for several reasons. Recourse to anecdotal information can then be useful. First, service trade agreements address the issue of the flow of services, while data collection is typically focussed upon service industry populations. Second, service trade agreements cover four modes of supply, while data collection is typically focussed upon cross-border trade (Modes 1 and 4), a limited portion of in-country trade such as tourism or education services (Mode 2), and very little amount of foreign affiliate trade (Mode 3). Third, a specific service may also be exported by goods manufacturers and firms in related service industries. Therefore, simply surveying a specific service industry may not always give a complete picture of the export activity taking place. Goods trade statistics include services that are exported by manufacturers, including both those services bundled with goods (e.g., maintenance or training agreements) and those sold as stand-alone services by manufacturers to foreigners (e.g., financial services, consulting services). ‘Bundled’ services sold to foreigners need to be distinguished from domestic service transactions that are embedded in export goods and so are not service exports. It is helpful to alert the various parts of government that participate in data collection to the

relevant issues for assessment and the consequent data requirements. (Nielson, 2002b, pp. 13-14)<sup>1</sup>

GATS negotiations at the WTO run into problems because there are almost no countries with a single government agency running all of the country's service sectors. There are agencies, regulatory bodies and ministries involved directly and indirectly. To confuse matters even further, in federal governments, the majority of service regulation happens at the sub-federal level" (p. 12).

Despite the efforts of many international support groups, countries that are developing or are in transition often have a difficult time producing sustainable growth in any area of their society because they cannot ensure 'good governance'. This can vary from a lack of administrative coordination, to the absence of public management competencies, to any number of other and various deficiencies (Saner et al., p. 2).<sup>2</sup>

IMC is an intrinsic factor in creating national negotiating positions and ensuring that negotiators are aware of all of the aspects influencing the domestic services market. They also need to be able to address the questions from their trading partners on sub-federal measures, and IMC is the easiest way to do this (Nielson, p. 13).

Without effective policies for IMC, developing countries risk stagnation. If there is no way to ensure good governance, they cannot promise that any growth they are currently enjoying will continue for any length of time into the future. Without a continually growing economy, these countries may never be more financially viable than they are now. There is even a possibility that without continual growth, they will make negative progress.

There is no exact formula a government can use to co-ordinate their negotiations, since the ideal choice is dependent upon the structure of their political and bureaucratic systems. (Nielson, p. 14) A general principle for this is that the various ministries within a government be familiar with their sectors' ability to trade internationally and be aware of the different forms of regulation to be considered (pp. 12-13).

It is essential to find a balance between ensuring that all of the important partners are included in the debates and avoiding overwhelming

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<sup>1</sup> Nielson, J. 2002. Preparing for the GATS "request-offer" negotiations. *In Managing "request-offer" negotiations under the GATS*. Working Party of the Trade Commission. OECD.

<sup>2</sup> Saner, R., Toseva, G., Atamanov, A., Mogilevsky, R. & Sahov, A. 2008. Government governance (GG) and inter-ministerial policy coordination (IMPC) in eastern and central Europe and central Asia. *Public Organizational Review*. 8(3):215-231.

any one department with too much information. Maintaining constant contact between the various ministries can help to quickly address any issues that arise, while avoiding the creation of any unnecessary processes (p. 15).

Nielson also adds that “given the multitude of sub-sectors and measures arising from services trade, it is important to find a balance between engaging intra-governmental partners on issues of mutual concern and avoiding inundating key departments and agencies with too much information or requests for input. The establishment of good regular lines of communication between individuals can play a significant role in quickly addressing issues without creating unnecessary process. Other, more structured options for pursuing coordination include:

- In-person briefings;
- In-person discussions and consensus on a negotiating approach;
- News briefs coded as:
  - “For Your Information”
  - “For Your Action”
  - “For Your Authorisation”;
- Regularly updated Intranet site (p. 15).

Coordination is one of the major functions of a successful developmental state. Since factors of production have a variety of owners, but are entirely interdependent, some form of coordination amongst them is imperative. Coordination can also help prevent supply bottlenecks, resource scarcities, and institutional scarcities.

This kind of coherent governance has typically been achieved through “the establishment of a pilot agency that shaped development initiatives” and close interaction between the government and business in order to “enable the formulation and implementation of policies that supported the needs and general interests of business” (UNCTAD, pp. 33-34).<sup>3</sup>

The importance of IMC is clear, and it behoves the student of inter-ministerial coordination to study the concepts and theories, as well as the real-world examples, from both the OECD countries and those countries that are developing or in transition.

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<sup>3</sup> UNCTAD. 2009. The state and development governance. *The Least Developed Countries Report*. United Nations. Geneva.

IMC AND ENVIRONMENTAL ISSUES

In his working paper for the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Dr. Brook Boyer explains:

Inter-agency coordination committees for environmental issues exist in many countries. These have varying mandates, frequency of meeting, and effectiveness. These committees tend to be of two types:

1. Committees with links to economic development and environment as separate entities;
2. National sustainable development committees which act as an advisory body, with economic development and environmental issues considered together.

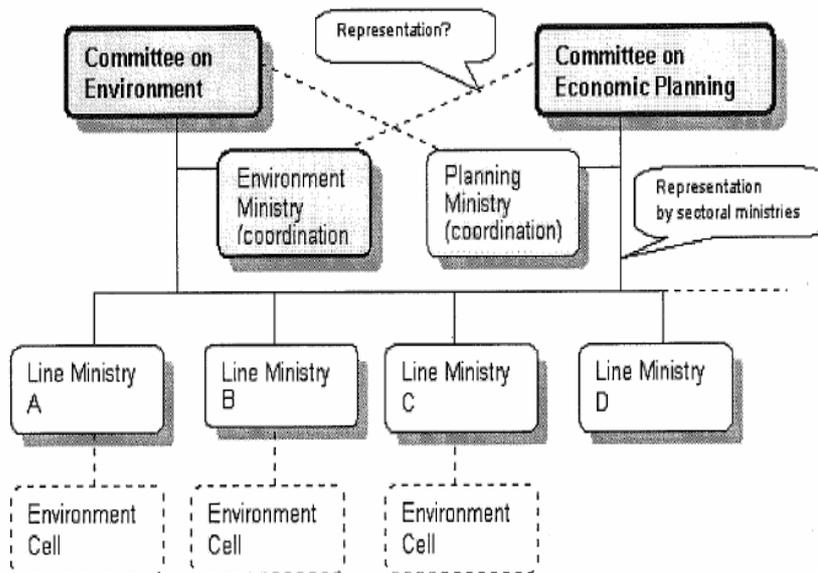


Figure 6. Environmental IMC Organization (Based on Boyer, p. 1)

Figure 6 provides an illustration of the structure of the first type of committee. Here, the two committees (environment and economic planning) are serviced and co-ordinated by their respective ministries, and each line ministry may have environment cells or units to deal with sector-specific environmental issues.

Figure 7 provides an illustration of the second type of committee. The main distinction here is that economic and environmental objectives

## CHAPTER 6

are co-ordinated by one high-level advisory body – a national sustainable development council. The council is serviced by one or more subcommittees. As in the first case, the various line ministries may have environmental cells.

### *The Issues*

Key issues arising from these coordination mechanisms include the following:

- What are the links with economic planning entities (ministries, committees, etc.)?
- Is there a presence of economic planning agencies in the membership of such committees (they may be represented here but environmental agencies are often not represented in the planning committees)?
- Is there any representation from NGOs or the private sector?
- Is there any mechanism for coordination and consultation with the NGOs and/or private sector?
- What are the main responsibilities and what is the coordinating role?
- Is the coordination functioning, and if it is, how effective is it?

### *Constraints*

Constraints on coordinating the integration of environmental considerations into economic decision-making processes are:

- Lack of formal mechanisms for interaction between government agencies and the general public and private sector.
- Lack of legislative authority for inter-agency coordination committees.
- Gaps and duplication in environmental coverage.
- Excessive competition between agencies with environmental responsibilities.
- Inadequate skills and personnel.
- Lack of feedback on monitoring and enforcement activities (Boyer, 2000, pp. 1-3).<sup>4</sup>

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<sup>4</sup> Boyer, B. 2000. *Developing national and regional structures for implementing Agenda 21 and other environmental commitments*. Working paper for ESCAP.

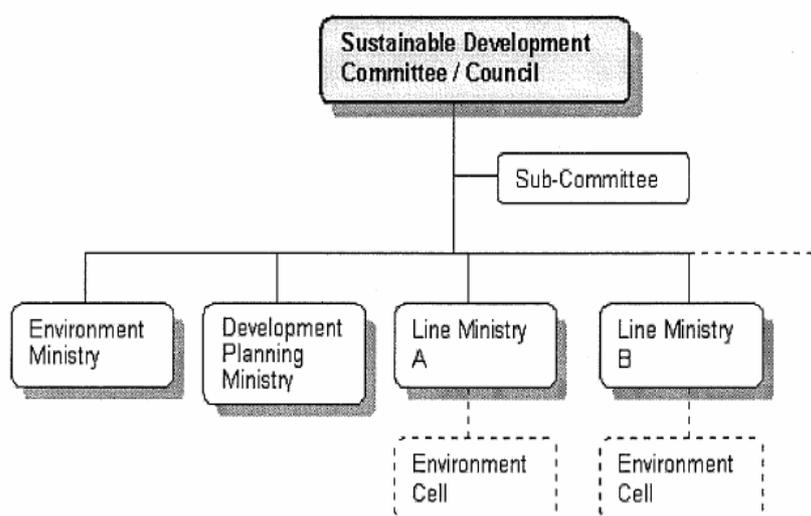


Figure 7. Sustainable development and IMC (Based on Boyer, p. 2)

#### LEGAL ASPECTS OF IMC/SIGMA-OECD

The SIGMA project “Control and Management System Baselines for EU Membership” (1999) details six sets of baselines covering various areas of public management which reflect the standards set by governments with best practice in the EU. These baselines help assess central management and control systems (Toseva – Legal, p. 8).<sup>5</sup>

The sixth set of baselines cover policy-making and coordination machinery. This covers:

- Coherence of the policy-making framework
- Inter-ministerial consultation on policy proposals
- Agenda planning
- Dispute resolution mechanisms
- Central coordination capacity
- Coordination of European affairs
- Involvement of Cabinet in budget planning

<sup>5</sup> Toseva, G. & Sahov, A. 2008. *Legal aspects of inter-ministerial coordination*. Presentation for the SCOPES program.

## CHAPTER 6

- Impact assessment (p. 9)

Coordination at the centre of government covers “coordination in direct support of the Cabinet of Ministers and exists in the majority of EU countries. There is a cabinet secretariat in charge of giving logistic support and a network of ad hoc and permanent committees. It is an institutionalized mechanism, regulated by laws and other legislation (p. 10).”

The committees that facilitate coordination are “forums for consultations and reconciliation of policies among various agencies at various levels.” They are not specially defined in legislation, but they are a “method for treating complex issues, such as trade policy, IPR, environmental protections, etc.” Some characteristics of such committees are that they are:

- The result of an administration’s attempts to be more flexible and responsive;
- In comparison to coordination at the centre of government, they seem less sustainable;
- At a lower level of institutionalization;
- Subject to the needs test and the political and policy preferences of the government (pp. 11-12).

There is some debate over whether legal rigidity is an advantage or a shortcoming. Coordination as a process requiring a certain amount of regulation and organization. Informal coordination is another option that can be used depending upon a public administration’s level of development. Transition countries continue to “pursue high dependence on formal and legalistic policy-making” (p. 13).

K. Staronova (2003) in “Recommendations for the Improvement of the Policy-Making Process in Slovakia” states:

For transition countries, where governments change with each election cycle and coalitions are not usually very stable, one has no choice than to rely on legislation as the main instrument of public policy, in the hopes that legislation is more stable and has greater authority. (p. 14)

Legal instruments for the regulation and implementation of coordination are a relatively new aspect of governance and are seldom mentioned by constitutions or systematic laws. They are usually “coordination mechanisms mostly regulated with subordinate legislation of the executive branch of the government” (p. 17).

The procedures and operating rules for coordination are particularly relevant in countries whose administrative institutions are in the process of being reformed and whose coordination methods are in the beginning stages. Some issues subject to procedural rules are:

- Scope of work
- Membership
- Roles
- Administrative support
- Decision-making (p. 18)

There is some question about the legal power of decisions made by coordinative bodies, for example, how coordinative bodies make decisions and whether or not their decisions are legally binding for the policy-makers. Legislation usually has nothing to say about these situations, but it is generally agreed that their decisions are of an advisory nature only.



## **CHAPTER 7: CASE STUDIES IN TRADE POLICY FORMULATION AND IMC FROM EASTERN EUROPE AND CENTRAL ASIA**

This chapter provides an in-depth analysis of IMC in Kyrgyzstan and Macedonia. Its goal is to provide a detailed examination of these two countries in order to illustrate how ICM functions in very specific contexts.

### **KYRGYZSTAN<sup>1</sup>**

In the middle of the 1990s, failures in the process of post-communist transformation led to a serious shift in the paradigm for understanding the role of institutions and good governance in development. It emerged that reforms in transitional countries should be based on a working institutional framework provided by effective government and that effective government, in turn, had to contain, among other components, administrative coordination and consultation mechanisms, working administrative laws and procedures, and competent public management (Ahrens, 2001).

In the context of increased globalization, internationalization of policy dimensions, membership in international organizations and internal coherence in government are of a crucial importance. Moreover, fragmentation of governments, involvement of private stakeholders in the policy formulation process and the existence of cross-cutting issues also call for greater coordination in public policy (Peters, 1998; OECD 2000). In particular, coherent policy-making and representation by all interested stakeholders are very important in trade policy, while trade itself is considered to be a driving force for economic growth (see for instance, Ben-David, 1993; Sachs & Warner, 1995; Frankel & Romer, 1999).

The Kyrgyz Republic was a leader in economic reform and economic liberalization. The country chose a liberal model of development with a great level of openness. Foreign trade plays an enormous role in the economic development of the country. Coherent policy-making in this field is especially important taking into account the country's membership in WTO and its participation in almost every regional trade block. Unfortunately, besides brief explanation of the bodies dealing with trade policy formulation and implementation (Mogilevsky, 2004; WTO, 2006),

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<sup>1</sup> Section on Kyrgyzstan was written by Aziz Atamanov and Roman Mogilevsky, Centre for Social and Economic Research in Kyrgyzstan (CASE), Bishkek, Kyrgyzstan.

the actual practice of inter-ministerial coordination of the trade policy-making in the Kyrgyz Republic has not been analyzed.

Thus, the main goal of this paper was to study the institutional and administrative frameworks required for trade-related inter-ministerial coordination in the Kyrgyz Republic and to analyse its strengths and weaknesses. To achieve this, analysis of the existing laws, analytical papers and semi-structured interviews with the main stakeholders was conducted.<sup>2</sup> This has helped to discover what the positive and negative lessons for other small transition landlocked countries are and how one might organize their inter-ministerial coordination in trade policy formulation and implementation.

This section consists of five parts. In the first part, the country context is presented. The country's constitutional set-up and a short description of the policy-making process which takes place at the centre of government is described in part two. The third part is devoted to a description of the legal and institutional framework for coordination of economic trade policies. The fourth part contains an analysis of the actual process of trade inter-ministerial coordination in Kyrgyzstan. Finally, in the last part, conclusions are drawn.

#### *Country Context*

Kyrgyzstan is a small, landlocked mountainous country with a population of about 5.1 million people, the majority of whom live in rural areas. It has small, poorly developed and hardly accessible deposits of mineral energy products and relies primarily upon the energy supply of neighbouring countries. The country is rich in hydro resources which it exports and uses for electricity production and irrigation, but further development of its hydro-potential is limited by the deterioration of assets.

Although the Kyrgyz economy faced severe contraction at the beginning of the transitional period and fiscal and external imbalances led to an accumulation of foreign debt, following the year 2000, relative macroeconomic stabilization was achieved and the country's economy has been growing. The sources of its economic growth, mainly mining and agriculture, were not diversified; however, during the last few years the role of the service sector has increased substantially. Migration of the labour

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<sup>2</sup> Several interviews were conducted with the main stakeholders involved into trade policy making. Namely, former head of the Prime Minister's Office, heads and deputy heads of the Ministry of Trade and Economic developments, managers of USAID and GTZ projects were interviewed.

force has played a major role in the economic and social development of the country; Russia alone employs more than 200,000 Kyrgyz citizens.

Trade plays an important role in Kyrgyzstan's small and landlocked economy. Although official statistics show that trade consists mainly of raw materials (export of gold forms 25.4% in total exports and mineral resources 29.2% in total imports), they may not reflect the whole picture. There is, in general, a high level of 'informal activity' in the Kyrgyz economy, particularly in trade. Thus, errors and omissions in the balance of payments have shown exponential growth for the last three years. The strong seasonal character of these flows may indicate the increasing role of informal trans-boundary transactions related to fast development of the informal sector (see ADB, 2007).<sup>3</sup>

Since 1993 and through to the end of the nineties, the Kyrgyz Republic was ahead of many other CIS countries in the area of market reform. The country was among the first to introduce a national currency and the first to access the WTO. It also quickly implemented privatization, price deregulation and the liberalization of economic relationships. In spite of impressive results in launching market reform, by the end of 1990s the reform process had run out of steam (UNDP, 2005, p. 174). According to the IMF (2007), stalled reforms in public administration, non-privatized natural monopolies, corruption and an unfavourable investment climate have seriously limited the country's development.

The EBRD transition indicators in table 4 show that the most problematic area is in structural reform. The government effectiveness indicator, which measures the quality of public services, the quality of civil service, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies, also shows negative tendencies. Having been the leader in government effectiveness in comparison to the average position of other Central Asian countries in 1996, Kyrgyzstan has since lost its position. In 1998, 46% of these countries ranked below Kyrgyzstan; only 22% of these countries ranked below it in 2005. This happened because the situation worsened in Kyrgyzstan while it improved in Kazakhstan and Tajikistan.

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<sup>3</sup> Kyrgyz Republic has a leading role in re-export trade (the Dordoi and Kara-Suu markets are the main distribution centres in the region serving Central Asia and many parts of the Russian Federation) and a fast growing informal clothing industry where a large part of the female labour force is employed.

	1992	1995	1998	2002	2005
EBRD index of small-scale privatisation	2	4	4	4	4
EBRD index of large-scale privatisation	2	3	3	3	3.7
EBRD index of price liberalisation	2.3	4.3	4.3	4.3	4.3
EBRD index of forex and trade liberalisation	2	4	4	4.3	4.3
EBRD index of competition policy	1	2	2	2	2
EBRD index of banking sector reform	1	2	2.3	2	2.3
EBRD index of reform of non-bank financial institutions	1	1.7	2	2	2
EBRD index of infrastructure reform	1	1.3	1.3	1.7	1.7

Table 4: EBRD transition indicators. Source: EBRD

Significant changes took place in the political framework of the Kyrgyz Republic in 2005 during the so-called ‘Tulip Revolution’ which resulted in a reorganization of its administrative structures (which were not stable before either<sup>4</sup>) and frequent changes in personnel. In 2007, the Constitution of the Kyrgyz Republic was amended and the de jure Parliament (elected by party lists) gained more power. De facto, the situation has not changed much and the President still retains a lot of power with a pro-President party having the majority of voices in Parliament.

In summary, in spite of the rapid liberalization in many spheres of its economy and having achieved progress in macroeconomic stabilization, there is still much to be done to reform the infrastructure, competition policy, banking system and public administration of the Kyrgyz Republic.

#### *General Constitutional Set-Up*

##### *General information on the main branches of state power*

According to the Constitution, the Kyrgyz Republic is a unitary presidential democracy with elements of a parliamentary system. The Constitution of

<sup>4</sup> During the period from 1990 till 2005 eleven Governments and ten Prime Ministers changed with an average length of work in one year.

the Kyrgyz Republic, which was adopted in 1993, has been amended several times; this has been accompanied by political turmoil. The current version of the Constitution (dating from the 23d of October 2007) stipulates that state power is based upon the principle of a separation of powers into legislative, executive and judicial branches and their coordinative interaction.

According to the Constitution, the President, who must be a non-parliamentarian, is the Head of State and the supreme government official. He appoints the Prime Minister presented by Parliament and, in consultation with the Prime Minister, heads up the Government and administrative bodies. The President also presents to Parliament candidates for the position of judge of the Constitutional and Supreme Courts and the chairman and auditors of the Accounting Chamber. With parliamentary consent, he appoints the General Prosecutor, Chairman and deputy chairmen of the National Bank, chairman and half of the Election and Referendum Committee. The President can suspend or annul government resolutions, and can issue decrees and orders that have the force of law. Basically, he has control over all executive and judicial branch appointments, mostly with limited parliamentary oversight.

The Government, headed by the Prime Minister, is the executive body of state power. It consists of vice-prime ministers, ministers, chairmen of state committees, administrative departments and local state administrations. The Prime Minister defines the structure and nominates members of government subject to the Parliament's consent and the President's approval. According to the Constitutional law "on the government" and the law on "rules of government", it is responsible for foreign and internal policies, including financial, price, tariff, customs, investment, tax, and trade. The government is accountable for its activities to the President and Parliament.

The last branch of power is the legislative authorities<sup>5</sup> represented by the Parliament. Since 2003, when the Assembly of People's Representatives (upper house) was abolished, Parliament has been unicameral. In 2007, an important change took place with the approval of the new version of the Constitution stipulating the election of 90 deputies for 5 years through party lists. It was stipulated that deputies from parties with more than 50% of votes can present their candidate for the post of the Prime Minister to the President. Parliament has legislative authority and has right to introduce changes to the Constitution.

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<sup>5</sup> Judicial branch is not considered here because of the limited focus of this paper on trade policy.

*General process of decision-making within the Government*

In the previous section, general information about the structure and authorities of the main branches of the state has been presented. The general process of policy-making is discussed below. The bodies involved in policy-making in the Kyrgyz Republic are the President, the Government, Parliament (Jogorku Kenesh), donors and sometimes the private sector. The roles of each of these bodies are defined by law and common practice. The process of policy-making depends on the type of act formulated and approved: policy or law.

In general, the President sets the broad agenda (heavily influenced by the donors community), while policies themselves are originated in the Ministries. Usually a department or division in the Ministry is responsible for this process. However, on occasion, working groups (often with donor support and influence) may be created for this purpose. Having prepared the draft, a ministry will distribute it among the interested ministries to solicit their views. A ministry will then react to comments either by accepting them or rejecting them. In the latter case, the required explanation will be provided. If the draft affects the interests of citizens or juridical persons or regulates business activities it will be made accessible for open discussion on the ministry's web-site or via the mass media.

The finalized draft is then submitted to the Prime Minister's Office by the initiating Minister. There, it undergoes further assessment by the relevant department. If the Office is satisfied, the draft will either be signed by the Prime-Minister (after revision by the vice- Prime Ministers) or added to the agenda of the next session of the Government. After its approval, the policy is implemented by the respective Ministry in coordination and other interested ministries. During implementation, the policy is also evaluated by the Ministry and the Prime Minister's office. Based upon this evaluation, the policy is refined, abandoned or transformed into draft law.

During preparation of the law, the same procedures which apply to policy formulation and approval will be followed. The draft bill must be comprehensive, validated with a forecast of the social and economic consequences of its enactment. Before presentation to Parliament, all drafted bills will be co-ordinated with the Ministry of Justice. If bills relate to a decrease in revenue and an increase of expenditure they will be co-ordinated with the Ministry of Finance. Laws approved by the Parliament are submitted to the President for his signature. After this, the Government and co-signing ministries become responsible for the implementation of the law.

Besides law and policy formulation, there are draft bills which require the consent of the Government: laws on republican budget, the introduction or abolishment of taxes; tax exemptions; laws related to

changes in the government's financial obligations and increases in expenditure financed through the budget. The Government also has the right to change certain tax rates and other obligatory budget payments, subject to immediate parliamentary notification, in "exceptional cases to protect the country's economic interests".

In summary, the Kyrgyz Republic has strong presidential control over all executive and judicial branch appointments, legislative initiatives, and decision making with a slightly enhanced role for Parliament.

*Legal and Institutional Framework for Trade Policy Formulation and Implementation*

This section contains a retrospective analysis of the legal and institutional framework in the Kyrgyz Republic which responsible for issues relating to economic policy formulation and implementation in general and to trade policy in particular.

*General bodies responsible for economic policy formulation/ implementation and coordination issues*

In the Kyrgyz Republic, as in the majority of the countries in the former Soviet Union, the role of the President has turned out to be superior to that of the other institutions. Strong presidentialism had its roots in the Soviet system and in the role which the first secretaries of the Communist Parties of the individual Soviet republics played in that system (UNDP, 2005). Taking into account its importance and power, it is necessary to consider the Presidential Administration's authorities in economic policy formulation and coordination.

According to the regulation on 'The President's Administration', this body is responsible for the implementation of the President's Constitutional rights. Its main tasks include providing the President with organizational, legal, informational, analytical and other forms of support. Moreover, this body develops and executes measures which will ensure coherent functioning and coordination between the various state bodies. In general, being the body with the greatest power and authority, the President's Administration determines the strategy for the country's development.

The supreme executive body of state power is the Government, headed by the Prime Minister. Among the range of authorities (organizational, legal, informational, analytical, etc.), the Government Apparatus has the right to establish coordinating and consulting bodies. Vice Prime Ministers, in particular, are responsible for coordination of the

respective ministers, state committees, local state administrations and other bodies falling under the Government of the Kyrgyz Republic's jurisdiction.

Advisory and consultative bodies can be established in ministries, state committees and other executive structures. Finally, temporary commissions and working groups can be created within the Government whose role it is to develop strategies for economic sectors, to consider discrepancies in proposed solutions, and to fulfil separate tasks. This basically shows that when it comes to coordinating the state bodies, the division in responsibilities between the President's Administration and the Government Apparatus is not quite clear. Many experts recognize this as one of the country's governance problems (see for instance Kaluza et al., 2006, p. 59; or Dukenbaev & Hansen, 2003, p. 34).

The Ministry of Finance, in addition to the President's Administration and the Government Apparatus, is usually considered a leading ministry for coordination because the budget may be the most important mechanism for setting priorities and coordinating activities (Peters 1998). According to the legislation 'On the Ministry of Finance', this body is responsible for, among other things, the sectoral and regional budget allocations which in turn are based upon program budgeting. However, sectoral coordination is complicated by the fact that many line ministries do not have well-developed sectoral strategies with clear priorities, implementation tools and a credible means of assessing the funding required. Thus, inter-sectoral budget allocation is not always based upon the strategy and may therefore reflect short-term fiscal circumstances.

In addition to the bodies described above, special coordinating structures for economic policy formulation have also been created in the Kyrgyz Republic. In 2001, the Economic Policy Council was established to co-ordinate the activities of the main state bodies involved in the formulation and implementation of economic and budgetary policies. The Prime Minister heads this Council, while the President appoints its members. The Prime Minister's office, with active participation by the Ministry of Finance, Ministry of Economic Development and Trade, the National Bank and the President's Administration organise the work of the Council. The Council must meet no less than twice a month. The Prime Minister has the right to invite deputies, representatives of international organizations, and representatives from the private sector to participate in sessions of the Council.

In 2006 the Economic Policy Council was abolished and two new bodies were created: The Coordination Council on Macroeconomic and Investment Policies and the Supreme Economic Council. The Coordination Council on Macroeconomic and Investment Policies replaced the Economic Policy Council. This new body is now responsible for coordination during

the elaboration and implementation of macroeconomic and investment policies. Organizationally and functionally, these two bodies are very similar to one other. Again, as in the Economic Policy Council, the Prime Minister heads the Coordination Council and the President appoints its members. Only the Prime Minister can invite representatives from other bodies and this may make it inflexible. The new Council must meet no less than once per month.

The difference between the old and new structure is that in the new body responsibility for organizational work is more clearly determined. This responsibility is determined by the Prime Minister's Office. What is also important is that the decree on 'the Coordination Council on Macroeconomic and Investment Policies' also contains the list of the members from the state bodies,<sup>6</sup> which, however, has not been revised since administrative changes were made in 2007 and 2008.

In summary, the new structure seems to have a more explicit membership and a clearer description of organizational responsibilities when compared to the old Economic Policy Council, but it has not been changed radically.

The second new body is the Supreme Economic Council. According to the regulation, this consultative-advisory governmental body provides for open discussion of social-economic problems, economic strategies and national development programs. Finally, it prepares proposals to be submitted to the President and the Government of the Kyrgyz Republic.

The Council is formed by representatives of business, non-governmental and research organizations, and state bodies. The Kyrgyz Government appoints members to the Council which is headed by the Prime Minister. Organizational support to the Council is provided through the Secretariat which is headed by the chief of the economic development division of the Prime Minister's office. The Secretariat prepares the agenda for the Council's session, which must meet take place no less than once per a quarter. The Council consists of the First Vice Prime Minister (the Deputy Chairman), Parliamentary deputies, the Chairman of the Board of Chamber of Tax Consultants, the Chairman of the Board of the joint stock

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<sup>6</sup> The Coordination Council consists of the Minister of Finance (Deputy Chairman); the Minister of Economic Development and Trade; the Minister of Agriculture, Water Resources and Processing Industry; the Minister of Transport and Communications; the Minister of Labour and Social Development; the Chairman of the State Committee on State Property Management; the Head of Division for Strategic Development and Experts Examination of the President's Office; the Director of the State Tax Inspectorate; the Director of the State Customs Inspectorate; and the Director of the State Agency for Financial Supervision and Reporting.

commercial bank, Tolubai, business representatives, and the Chief Editor of Aki-Press magazine. It is essential to mention here that this structure is now out-of-date as several of these members either do not hold the positions cited or have left the country.

In summary, there is a legislative framework in place to support coordination in macroeconomic and investment policies and there is a legal basis for open discussion of social-economic problems in the Kyrgyz Republic. However, with regard to coordination, there is no clearly defined separation of responsibilities between the President's Administration and the Government Apparatus. Membership in the consultation bodies dealing with economic and investment policies at the highest ministerial level is restricted and trade policies are not tackled there.

*Main bodies responsible for trade policy*

Trade policy formulation in the Kyrgyz Republic is a joint responsibility of the legislative and executive branches. As mentioned above, the President's Administration and the Prime Minister's office deal with economic policy development in general, focusing upon the strategic issues. The de jure central body responsible for trade policy formulation and execution is the Ministry of Economic Development and Trade (MEDT).

This Ministry has undergone a series of changes and transformations. In 2004, the Ministry of Industry and Trade was transformed into the Ministry of Economic Development, Industry and Trade; its mandate was expanded enabling it to deal with economic development. In 2005, the Ministry was again changed to the Ministry of Industry, Trade and Tourism. Its economic functions were transferred to the Ministry of Finance. However, it did not end there for the Ministry underwent several further changes and finally again became responsible for economic development and trade in 2007.

According to the regulation 'On Ministry of Economic Development and Trade', it is the central body responsible for the formulation and execution of unified state policy in economic development, foreign trade, investment attraction, technical regulation, support and development of entrepreneurship and free economic zones. It co-ordinates the work of other ministries in the above-mentioned areas. However, the responsibilities and organizational issues relating to how coordination should be organized have not been defined in this regulation.

The MEDT's direct trade responsibilities include the WTO and regional/bilateral trade and related policies. This includes export growth and controls, production of import substitutes, use of tariff and non-tariff measures to protect Kyrgyz producers from unfair competition, and technical regulations. The MEDT also organizes the work of

Interdepartmental Commission on WTO issues falling under the Kyrgyz Government. Moreover, the Ministry may form research-consultative and expert councils based on the Minister's approval.

Another important body – the WTO Inter-Departmental Commission – was formed in 1997<sup>7</sup> and transformed several times (1999, 2003, 2004, 2007). Now the main goal of this body is to co-ordinate the activities of all the ministries, state committees and administrative bodies relating to implementation and conformity to obligations undertaken and agreements made by the Kyrgyz Republic to the WTO.

The composition of this body has been changed several times. However, according to the most recent decree (2007), the chairman of the Commission is the Minister of Economic Development and Trade, and representatives of all of the relevant ministries and agencies, including those from the Congress of Business Associations, Union of Entrepreneurs, Trade and Industry Chamber, and the Public Fund 'Kyrgyzstan Guild of Directors' must participate in its work.

Besides the Ministry of Economic Development and Trade and the WTO Inter-Departmental Commission, there are other state bodies directly or indirectly related to trade policy execution: the Ministry of Foreign Affairs; the Ministry of Agriculture, Water Resources and Processing Industry; and the Ministry of Transport and Communications, The State Tax Inspectorate, National Bank, State Patent Service, National Institute on Standards and Metrology, etc. (Diagram 1 in the annex provides further information on the main stakeholders in trade policy-making).

In some of the state bodies, consultative structures were created to improve trade-related dialogue with all of the interested stakeholders, predominantly business associations. Thus, in 2007 a regulation on 'Consultative Council under the State Customs Committee' was approved. This document defines the structure, tasks, responsibilities, supervision and organizational support for the Council. From the business associations there are 10 permanent members who have addressed the Secretariat of the Council and have signed a cooperation agreement. All of the Council's work is transparent and open and disclosure of the issues which have been considered, on the web-site of the Customs Committee, is obligatory.

In summary, although the Ministry of Economic Development and Trade has been given the mandate for co-ordinating the formulation and execution of trade policy, just how this process should be organized, and who is responsible for what, is not clearly defined in the current legislative

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<sup>7</sup> In 1997 it was called Inter-Departmental Commission on negotiations with WTO.

framework. In contrast, the organization of coordination activities relating to WTO commitments and obligations seems to be more developed and has a clear legislative basis as well as a special consultative body under the State Customs Committee.

*Actual Practice of Trade Policy Inter-Ministerial Coordination in the Kyrgyz Republic*

*General information on international and domestic aspects of trade policy*

The Kyrgyz Republic pursues one of the most liberal trade policies of the world. It aims to achieve a more outward-oriented trade regime, increase its overseas market access for exports, and become more integrated into the world's economy (WTO 2006). The reason for this choice of development model has been its narrow domestic market, the protectionist policies of its neighbouring countries, the absence of strong sectors demanding governmental support, and its lack of domestic investment. As mentioned in the section on context, the Kyrgyz Republic's 'informal' economy still plays an important role in its economy in general and in its trade activities in particular.

Kyrgyzstan is a member of the WTO and it takes part in numerous bilateral and regional agreements like the CIS Free Trade Agreements, the EuroAsian Economic Community, the Economic Cooperation Organization, the Organization of the Islamic Conference, and Shanghai Cooperation Organization. However, many of the regional agreements in which it takes part have declarative character and all issues emerging from these have to be solved on a bilateral basis. The EuroAsian Economic Community includes all of the Kyrgyz Republic's neighbours except China. The Community plays an important role since it envisages the free movement of people and trade in goods without any exemptions (only Uzbekistan has exemptions in trade with Kyrgyzstan).

The Kyrgyz Republic does not currently apply customs duties to the export of goods. In general, tariffs have been reduced significantly and have been rationalized. According to the WTO (2006), the simple average applied to the Most Favoured Nation rate was 4.9% in 2006, down from 5.2% in 2005 (8.7% in 1999). No anti-dumping, countervailing or safeguard measures have been applied. Kyrgyzstan does not have quantitative restrictions on export and import of goods, except in cases where a) products are subject to export and import licensing and b) limitations are set for instance on imports of alcoholic beverages from non-WTO countries and finally c) except for a list of approved firms which have the right to import light medium distillates, other types of raw materials and components for production of oil products. In general, export

and import licensing procedures do not restrict the import of goods either by quantity or by cost of exported/ imported goods and these procedures are applied for reasons of human safety and public health, protection of the environment (including those which fall under international conventions), national security, and the preservation of art, historical and archaeological treasures, and exhaustible natural resources (WTO, 2006).

There are no restrictions on the use of foreign currency in the Kyrgyz Republic. Foreign investors have exactly the same legal status and conditions as do domestic investors. Almost all sectors are open to FDI. There is, however, a limitation on foreign presence in companies repairing and maintaining aircraft. Foreign investors can participate in the privatization of state enterprises. Foreign investment plays an important role in the Kyrgyz Republic's banking and telecommunications sectors.

In summary, in the last decade, the Kyrgyz Republic has made significant progress towards achieving open and liberalized trade and investment regimes. However, the positive effects of these changes will depend upon reforms made in other spheres of institutional and structural framework, namely public administration, infrastructure, competition policy, regulatory quality, non-trade barriers in neighbouring countries, etc.

*Strengths and Weaknesses of Current Trade Policy Inter-Ministerial Policy-Making Mechanisms*

*Actual process of economic policy coordination*

As mentioned earlier, the Economic Policy Council was established in 2001 to co-ordinate the activities of the main state bodies involved in formulating and implementing economic and budgetary policies. In an interview with someone directly involved in the establishment of this body, it appears that the idea for setting up this structure for more co-ordinated macroeconomic policy came from donors, mainly the IMF and the World Bank. Organizational support for the new body was provided by the Office of the Prime Minister of the Kyrgyz Republic which defined the agenda of forthcoming sessions by soliciting views from respective the ministries and sending them the agenda signed by the Prime Minister.

In spite of the fact that the de jure representatives of the private sectors might have been invited to sessions by the Prime Minister, in reality this never happened. Moreover, according to the WTO (2006), the Council's work of the Council was ineffective because of the dominant role of the President, who initiated the policies or, in the whole process, delegated a leading role to the Government. To change this practice and create a place for open discussion of economic problems, the Economic

## CHAPTER 7

Policy Council was replaced by the Coordination Council on Macroeconomic and Investment Policies and Supreme Economic Council.

The Coordination Council on Macroeconomic and Investment Policies performs the same functions as its predecessor (trade issues are not discussed in the sessions, which focus mainly upon monetary and budgetary issues) did, while the Supreme Economic Council now has a new agenda to provide open discussion of socioeconomic problems, economic strategies and national development programs. It is difficult to assess the effectiveness of the Supreme Economic Council because political turmoil and frequent changes of Government have made its role marginal; it has not worked in recent years.

### *Actual Process of Trade Policy Coordination*

The Ministry of Economic Development and Trade is the central agency responsible for development of foreign trade and its coordination with other ministries. As has been mentioned, the Ministry has been reorganized many times thereby first acquiring and then losing its mandate to deal with economic development issues. These changes in functions and personnel have had negative impact on its capabilities.

There is no specific body responsible for coordination in the Ministry and different departments are responsible for ensuring coordination in policy and decision making in the fields they are responsible for. The issue of coordination generally arises when a new policy or regulation is being developed and approved. This process is similar to the general process of policy-making described in the second part of section 2: A department drafts a new policy. Having finished this, the department then distributes it among the interested ministries and agencies which either agree or make amendments to this. Following this, the draft with a list of the comments made by all of the stakeholders is sent to the Prime Minister's Office where a final decision is taken. Sometimes decisions are made which are not based upon the criteria of effectiveness and efficiency, but rather upon a Minister's political influence.

Occasionally, the process of decision making takes a different form, for example when a proposed draft affects the interests of the private sector or tackles some other very important issue. In such cases, special working groups can be created; these are then initiated either by the Ministry or they are imposed by the Prime Minister's Office. Usually, groups established at the centre of government are more viable and effective because of the centre's control of the process.

In 2006, in the framework of the regional GTZ project 'On promotion regional economic cooperation', two working groups

(comprised of state and private stakeholders) were created to deal with the reduction of administrative and technical barriers to trade. The members of the working group received additional income because interest in cooperating and participating in the working group from the state bodies was minimal. As plans exist for changing the current system of registration as well as customs and regulatory procedures and because this will lead to substantial shifts in responsibilities and duties, there are many heated discussions in the working group sessions. The GTZ also has financed the development of regulations covering the National Council for trade and transport facilitation. Once these regulations have been completed, the National Council will co-ordinate all activities in the sphere of trade and transport facilitation.

Moreover, different types of working groups, the special coordination bodies responsible for WTO issues, have been in existence in Kyrgyzstan since 1997. The first commission dealt with the negotiation process; it consisted of government officials and a marginal role by the private sector. Subsequent commissions have had different agendas related to fulfilling obligations undertaken and agreements made with WTO. At every stage, the Commission's work has been supported by donors (USAID, SECO, etc.). The main contributor was USAID in the framework of the 'Trade and Investment Development' project implemented by different agencies. Within the framework of this project, technical assistance – through trainings, round tables, bringing specialists in WTO issues, etc. – has been provided to enhance the Commission's capacity.

Inter-ministerial coordination has not very active during the session of the Commission, especially at the beginning. This has been the result of a lack of interest in and understanding for the WTO and its work by state bodies and representatives from the private sector. The majority of the Commission's work is conducted by staff members of the WTO Department of the Ministry of Trade and Economic Development. They are skilled and have the required capabilities. Depending on the issues to be considered, the MTED or other Ministers prepare expert conclusions and the WTO department distributes it among other interested stakeholders preparing them for the forthcoming session.

However, the situation remains complicated and difficult since, on the one hand, the exact names of officials who should participate in the sessions have to be indicated, but on the other, the situation often alters due to frequent changes and rotations in the public administration. To overcome this problem, the decision was made to stipulate what a member's position in the regulation process was without giving their exact names. More active discussion arose in the Commission during discussion of issues which

might lead to changes or shifts in functions of the ministries. For instance, which ministry or agency should be responsible for setting customs tariffs?

One of the most important challenges for the project team was to alter government officials' attitudes towards the private sector. After two years of constant work with the Ministry of Economic Development and Trade it finally became possible to include representatives from the private sector in the Commission.<sup>8</sup> The impact on the work of this body was significant. Several associations were quite active and promoted their interests not only in the framework of WTO, but also in bilateral trade negotiations with non-WTO members; the Association of beekeepers worked towards gaining access to the EU market, the Association of exporters worked towards simplifying transit through Kazakhstan and the Mailisu electric bulb factory also worked towards facilitating export of its products. Their efforts brought about positive results. More important still, however, was that a relationship between the government bodies and the private sector was established. It should also be mentioned that the Ministry's leadership was crucial to establishing the working relationship in the Commission, which functioned formally at the beginning.

The work of the Interdepartmental Commission on WTO issues under the Government of the Kyrgyz Republic is currently based upon the regulation revised in 2007. Organizational support to this body was provided by the WTO department in the Ministry of Economic Development and Trade. The Ministers now show little interest in the work of the Commission; instead they send their deputy Ministers and heads of the departments, line specialists, to the sessions. The same is true of the private sector. Representatives of the business associations now also do not express much interest in the work of the Commission and they participate nominally.

The following may explain this. Firstly, the issues considered (Doha round) are of a little interest to Ministries as they do not relate to possible political or economic gains for the Ministries and because they do not change the status quo in functions and responsibilities. The fact that nobody from the ministries and private sector attended the training on WTO organized by GTZ may be considered as indirect evidence of the current low level of interest in WTO issues. Secondly, low manpower levels do not allow private and state actors to fully participate in negotiations. Thirdly, the fall in interest may be also related to the cessation of the USAID project, the catalyst for change.

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<sup>8</sup> The same problem was with the organization of the Consultative Council in the Customs Office which was against this idea from the beginning (see Hayla, 2007, p. 15).

Considering effectiveness of the inter-ministerial structures, it is essential to remember that the environment does matter; in other words the competence of all the stakeholders involved is crucial to successful coordination. In many transition countries, similar problems hinder successful policy development and execution (Nathan Associates, 2003). Many of them are typical of the Kyrgyz Republic too. The Ministry of Trade and Economic Development lacks the analytical capacity for trade analysis in spite of the fact that the State Customs Committee and National Statistics Committee has collected comprehensive information on trade and an analysis of foreign trade is provided by the National Bank (it is mostly descriptive). The same is true of other ministries, where low wages lead to high turnover and a lack of qualified workers. Finally, the private sector also does not always possess enough capacity to conduct evidence-based analysis and advocacy.

Weak information systems and an underdeveloped system of information technology may also complicate successful coordination. This is especially important if the private sector is to be included in trade policy-making. In spite of the fact that the ministries are required to place policy drafts on their web-sites, this rarely happens in practice and the websites either have outdated information or simply do not function. For example, in spite of the current negotiations in Doha Round, there is not information on the MERT's website about the issues discussed and the progress being made in the negotiations. Wide participation by the private sector usually takes place only on a narrow set of issues – tax code, customs tariffs, regulatory reform, etc – and mostly with strong support from donors.

Finally and most importantly, coordination can be achieved only if incentives for participation by the ministries are in place. These incentives can be financial, political or administrative gain but they should be connected to improved performance levels of the organization. However, as budget financing is not based on performance indicators, many trade issues remain obscure for the public and consequently popular support from the constituencies remains limited. Finally, selection to a leading government function is not based upon evidence of successful coordination abilities. Moreover, the ministries have vested interests in preserving the status quo and shielding themselves off from external influences as no incentives exist to encourage cooperation and coordination. All of this makes coordination more of a formal exercise than a tool which addresses cross-cutting issues, achieves economies of scale and reduces policy fragmentation.

In summary, the inter-ministerial coordination process in trade is usually limited to a formal procedure in which the views of the affected ministries are solicited. Special structures (commission, working groups, and councils) have been created to co-ordinate specific trade related issues.

Their efficiency is directly related to donors' involvement and the ministerial interests affected. Trade coordination is limited due to the general weakness of public administration and a lack of incentives for coordinating.

*Conclusions*

Positive effects in the rapid economic liberalization of the Kyrgyz Republic were constrained by stalled structural reform and non-effective, cumbersome public administration. The small, land-locked character of the Kyrgyz economy and its participation in numerous trade blocks make trade policy-making crucial to its economic growth. An analysis of the legislative and administrative framework for economic and trade policy coordination revealed the following:

- The current system of inter-ministerial coordination in Kyrgyzstan reflects the level of development of the public administration bodies and of that of the private sector. It and serves its functions mainly due to strong support from the donor community. One cannot expect strong coordination bodies which enjoy broad participation by the private sector in a context of weak public administration and with a high level of informal trade. However, in the long run, this situation may change, particularly if trade relationships are formalized and business interests are strengthened. This will require adjustments and strengthening of the system of inter-ministerial trade coordination.
- A legislative framework for coordination of macroeconomic policy exists (primarily monetary and budgetary) in which there is a primary role for the President and/or the Prime Minister. Trade-related issues are not considered by these bodies which limits their integration into the main areas of economic policy. Participation by the private sector in discussions of strategic economic policy is not clear as the list of representatives in the Supreme Economic Council has not been reconsidered since February of 2006.
- No special legislation with clearly assigned responsibilities and functions on trade policy coordination exists at the Ministry of Trade and Development. This limits the coordination process to a formal soliciting of the views of other ministries on drafts which have already been prepared without the involvement of all of the interested stakeholders.
- There are special regulations on interdepartmental commissions and councils dealing with WTO and other trade issues. Most of them are formed on ad hoc basis with strong support by donors. In all of the interviews conducted, the state bodies demonstrated little interest either in coordination in general or in involving the private sector. All

successful examples of establishing working groups with active participation by the private sector either resulted in ministries shifting their responsibilities or in ministries using their influence to limit or fully eliminate profit generating activities of the businesses concerned.

- In its role as central agency responsible for trade policy formulation and coordination, the Ministry of Economic Development and Trade is limited by its lack of analytical capacity and its underdeveloped information systems and information technology. This has been exacerbated by the Ministry's frequent reorganizations and changes in leadership with subsequent changes in the mid-level staff.
- Participation by the private sector in the inter-ministerial commissions is permitted but it is in fact limited to an established list of members and their ad hoc involvement; broad participation by them is not certain. According to donors, one of the most important challenges to successful coordination has been the establishment of a working relationship between the state bodies and the private sector. Also important is that the successful involvement of the private sector is often constrained by a lack of capacity.

In summary, there is a legislative and administrative basis for coordination and consultations in trade policy in the Kyrgyz Republic primarily as a result of high involvement by the international community which provides the country with technical assistance. The current level of inter-ministerial coordination more or less meets the need demonstrated by both state and private actors. However, any formalisation and enhancement of trade stakeholder capacity will require comprehensive reform of the country's public administration and the creation of incentives for civil servants and public officials to improve the performance of their government agencies rather than seeking ways to obtain rents and other informal sources of income (CASE).<sup>9</sup>

#### MACEDONIA<sup>10</sup>

Macedonia has taken an active approach to international trade cooperation over the past ten years resulting in its accession to the WTO (2003), ten preferential, bilateral agreements with trading partners in the region and

<sup>9</sup> CASE (Center for Social and Economic Research). 2008. *Analysis of trade policy related inter-ministerial coordination in the Kyrgyz Republic*. Working paper.

<sup>10</sup> This section was written by Gordana Toseva and Aleksandar Sahov, Centre for Research, Economic Development and International Trade, Skopje, Macedonia.

Europe and a process of advanced stabilization and association with the EU which includes a significant trade component.

Although all of the above initiatives were very good ideas, they have the expected economic results. However, they did place a heavy burden of international compliance onto the shoulders of the Macedonian government. One of the main reasons for this situation has been its inability to cope with these negotiations and these processes in a coherent and co-ordinated way, one suitable to the country, its businesses and its people.

The country's current poor institutional capacity is of a general nature and it relates to virtually every segment of Macedonia's administration. In their study entitled *Understanding Reform in Macedonia* (2004), Petkovski and Bishev have made an attempt to identify the reasons for the bad performance by these Macedonian institutions:

During transition, Macedonia has not been successful in creating efficient institutions, for several reasons. Firstly, as a newly independent state, it had to build many basic institutions virtually from 'scratch'. Secondly, it has traditionally been an underdeveloped region. Therefore, it is logical that its inhabitants do not possess any 'institutional memory' of market-based institutions...which have existed in more developed parts of Yugoslavia and in advanced transitional economies between the two world wars. Thirdly, to date, Macedonian policymakers have paid relatively little attention to the institution building process, which is typical for less successful transition strategies. (Petovski)<sup>11</sup>

Statements that go for the overall administration also apply well to the functioning of institutions involved in trade policy formulation. Such institutions are organizationally weak and lack human capacity. There are no institutionalized mechanisms for coherent decision-making. Trade decisions are made in an arbitrary and uninformed manner.

Such situations create "... credibility gaps with respect to the perceived reliability of its policies by the business community. The consequences of this high level of policy unpredictability undermine the credibility of the government, deter investment, and hamper economic growth" (World Bank).<sup>12</sup>

In addition to the negative perception the business community has of the government, the lack of proper foreign trade coordination mechanisms also results in complete passiveness by the country with regard

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<sup>11</sup> Petovski, M. & Bishev, G. 2004. *Understanding reform in Macedonia*. Study funded by the Global Development Network and the Vienna Institute for International Economic Studies.

<sup>12</sup> World Bank. 2002. *FYR Macedonia: public expenditures and institutional review*. Report of the Poverty Reduction and Economic Management Group.

to international trade events. Although Macedonia became a WTO member in April 2003, it did not take an active part in the DDA negotiations (Doha Development Agenda), nor did it send a delegation to the Fifth Ministerial Conference in Cancun, Mexico in 2003.

Because it is a landlocked country, Macedonia depends upon efficient trade conduct. This can undoubtedly only be accomplished by actively participating in bilateral trade cooperation and multilateral trade regulation. It is therefore of crucial importance that Macedonia devote a significant amount of its resources to achieving a coherent and sound process of trade policy formulation and obtain a mechanism for conveying and protecting the interests of its businesses and people on the international scene. Areas which require reform in this regard are:

- Proper coordination and cooperation mechanisms among those ministries and agencies which regulate the various aspects of trade;
- Appropriate trade data compilation and analysis;
- Institutionalized dialogue with the private sector;
- Improvement of the negotiating capabilities of government officials.

*Republic of Macedonia – Background Information*

The Republic of Macedonia is situated in Europe, in the central part of the Balkan Peninsula. It covers a territory of 25,713 square kilometres and has no access to the sea.

Macedonia has a population of 2.1 million. Sixty-nine percent of it is between 15 and 64 years of age. The country's ethnic composition is as follows: 64% are of Macedonian origin, 25% are of Albanian origin. The remaining 11% are of Turkish, Serbian, Roman, Bosnian, Vlah and other ethnic descents. Religion wise, the Macedonian population consists of 65% Orthodox Christians and 33% Muslims, and 2% other religious groups. In March 2001, Macedonia was involved in armed conflict initiated by the Albanian ethnic minority.

Said conflict ended in August 2001 with the signing of a framework document known as the Ohrid Framework Agreement. It established a foundation for an increase in the level of integration by the minorities into its society. To order to be able to implement the provisions of the Ohrid Agreement, Macedonia amended its Constitution and several laws dealing with the use of minority languages, process of enactment of laws related to the rights of ethnic minorities, their representation in the public administration, etc.

In economic terms, Macedonia has demonstrated stable macroeconomic performance characterized by fairly efficient fiscal discipline and balanced coordination between fiscal and monetary policy.

As result, in the last decade, it has managed to maintain a rather low inflation rate of up to 4%. However, notwithstanding its stability, growth and investment rates have been more than modest. Annual real GDP growth for the period 2003-2006 was around to 4%, while foreign investments amounted to approximately \$100 million. In the case of FDI, figures were significantly higher only in the years when Macedonia privatized their state-owned telecommunications and electricity capabilities (2000 and 2006, respectively). In addition to poor investment levels, Macedonian also suffers from a huge trade imbalance which broke the ceiling of \$1 billion a few years ago and which continues to grow.

It is not surprising that this economic underperformance (during a period of transition) has resulted in an extremely high unemployment rate, one which exceeds 35% and which seriously jeopardizes the country's social and economic stability.

However, following the elections in the autumn of 2006, things have started to improve in Macedonia. The new government has made economic issues, such as increasing investment levels, improving the business environment, improving the education levels of its work force, using information technology, etc. a priority and it seems that such strategy will soon start to harvest positive results.

In an international context, Macedonia is, after years of reform, finally beginning to benefit from its persistent efforts to integrate into Euro-Atlantic initiatives. In December 2005, it was granted the status of candidate-country for EU accession and is now awaiting the date upon which they may begin their negotiations. Macedonia has also made significant progress in fulfilling the conditions for NATO membership.

*Constitutional Setup – Governing Institutions and Structure of Central Government Administration*

The Republic of Macedonia's parliamentary democracy is based upon the principle of a separation of powers (legislative, executive and judicial).<sup>13</sup> According to its Constitution (Official Gazette 52/91, 1/92, 31/98, 91/2001), the supreme legislative body is the Macedonian Assembly (Sobranie); the executive powers are exercised by the President of the Republic, the Government of the Republic of Macedonia and the state administration<sup>14</sup>; judicial powers are concentrated within the courts.

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<sup>13</sup> Constitution of the Republic of Macedonia, Article 8.

<sup>14</sup> The word Government spelled with a capital letter will hereinafter refer to the cabinet of ministers in the Macedonian political structure.

The Assembly is composed of 120 members chosen by general and direct election every four years. Among its various functions, the Assembly passes the Constitution, laws, provides authentic interpretation of the laws, adopts the budget, decides on state reserves, ratifies international agreements, elects, monitors and supervises the Government, decides upon membership in international organizations (upon the proposal of the President of the Republic), and appoints the Governor of the National Bank.<sup>15</sup>

Judicial powers are exercised by autonomous and independent courts, who on the basis of the Constitution judge on, laws, and international agreements ratified by the Republic of Macedonia.<sup>16</sup>

The executive powers are exercised by the President of the Republic, the Government and the state administration.

The President of the Republic represents the state. He or she is elected for a five-year term in general and direct elections. The President's constitutional powers include nominating the Government Mandator, proposing judges for the Constitutional Court, appointing and dismissing certain holders of state and public functions, signing promulgations declaring laws, etc.<sup>17</sup>

The Government is the main executive body. It is elected by the Assembly by majority vote, at the proposal of the Mandator and on the basis of his or her proposed program. The Government as a whole, and each of its members, are accountable for their results and their conduct to the Assembly.<sup>18</sup> The responsibilities of the Government are regulated by the Constitution and the Law on the Government.<sup>19</sup> At present, the Government of Macedonia consists of a President, four Vice-Presidents (responsible for EU integration, economic affairs, framework and minority issues and education and agriculture), 14 ministers who run different departments (ministries are listed below) and four ministers without portfolio.

In general, the Government sets out economic and the development policies for the country, determines measures for their implementation, determines the policy for enforcement of laws and monitors their implementation. More specifically, the Government carries out the following responsibilities:

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<sup>15</sup> Constitution of the Republic of Macedonia, Articles 61-78.

<sup>16</sup> Ibid, Articles 98-105.

<sup>17</sup> Ibid, Articles 79-87.

<sup>18</sup> Ibid, Articles 88-94.

<sup>19</sup> Law on the Government (Official Gazette 59/00, 26/01, 12/03, 55/05, 37/06, 115/07, 19/08).

## CHAPTER 7

- Proposes the state budget, laws and other regulations to the Assembly for adoption;
- Adopts regulations for the implementation of laws;
- Lays down principles for the internal organization and for work of the ministries and other administrative bodies; directing and supervising their work;
- Implements the measures required for the development of free market and entrepreneurship, as well as measures against the monopolistic behaviour in the market;
- Stimulates economic progress with a particular emphasis upon balanced spatial and regional development;
- Determines strategies for attracting foreign investment;
- Decides upon the distribution and use of state capital;
- Stimulates and facilitates scientific and technological development;
- Determines strategy and measures for European and Euro-Atlantic integration, as well as membership to other international organizations;
- Decides upon opening diplomatic and consular offices abroad;
- Appoints and dismisses holders of public and other offices determined by the Constitution and laws.

Logistic and expert support to the Government (for its activities) and its members is provided by the General Secretariat. The General Secretariat was established in February 2001 and is run by a General Secretary.<sup>20</sup> Its main objective is to contribute to the quality of the Government's decision-making process in terms of legality, efficiency and transparency.

Issues relating to the process of integration with the European Union fall under the responsibility of the Secretariat for European Affairs; it is run by the Vice-President for European Affairs.

Finally, the state administration is a network of administrative bodies responsible for the direct implementation of applicable laws and regulations adopted by the Assembly and the Government. The state administration executes its duties autonomously and pursuant to the Constitution and the relevant laws. It is accountable for its operations to the Government.

The structure, the responsibilities and the operation of the state administration in Macedonia are regulated by the Law on the Organization

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<sup>20</sup> Government Decision no 23-6094 of 13 February 2001, Official Gazette 12/2001.

and Operation of the State Administration<sup>21</sup> (hereinafter: Law on State Administration).

Ministries, administrative bodies and administrative organizations constitute the structure of state administration.

Ministries are the highest bodies in the state administration pyramid. The Law on State Administration encompasses fourteen ministries responsible for different subject areas.

Each ministry is run by a minister. The minister and his deputy are political appointees. The highest position in the hierarchy of professional civil servants is the state secretary. One level lower are the state counsellors (their number depends on the size and the scope of work of the ministry). Each state counsellor is responsible for several sectors run by heads of sectors and their deputies. The sectors are further divided into units. A list of ministries and ministers can be found in Annex 1.

Administrative bodies are divided in two categories: independent bodies (directorates, agencies and committees) and bodies operating under the ministerial authority (administrations, bureaus, services, archives, inspectorates). The independent administrative bodies are responsible for their operations to the Government of Macedonia and the ministry regulating the respective area. The bodies included in the latter group are accountable to the ministry in charge.

Administrative organizations are bodies established to carry out specific scientific and technical activities in the areas of interest for different ministries. They have the same status as do the independent administrative bodies.

#### *General Process of Decision-making within the Government and the State Administration*

##### *Strategic planning*

Considering the fact that the environment and the conditions under which government administration bodies operate are constantly changing, these institutions must be prepared to adjust to changes quickly and easily. In this context, strategic planning in the adjustment of public sector governance in the Republic of Macedonia's reform process is becoming more and more important.

In February 2007, in order to facilitate the strategic planning process and assist the ministries and the government administration in their preparation of strategic plans, the Government of the Republic of

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<sup>21</sup> Official Gazette 58/00, 44/02.

Macedonia developed a Strategic Planning Manual through the Sector for Strategic Planning and Monitoring (within the General Secretariat). The Manual referred to inter-cooperation among the ministries in the following provision:

“Planning, programming and implementation of strategic plans, first of all involves intensive and constructive cooperation within the ministries/bodies themselves, as well as cooperation with other ministries/bodies, especially in case of determining horizontal programs” (p. 10). Graphic presentation of the cycle of strategic planning is provided in Annex 2.

*Preparation and Adoption of Legislation within the Government*

As mentioned previously, the Government of the Republic of Macedonia is the executive power in that country. Among its other authorities, the Government has jurisdiction over the preparation of laws and regulations and it is responsible for proposing them to the Assembly for adoption, a governmental authority which has specific relevance to this research. Below is the summary of the Government’s process of preparation, consultation and adoption of legislation.

The legislative process starts within the Government: Members of the Government (i.e. ministers) “... have the right and obligation to provide initiative for drafting of laws and other regulations, which fall under the jurisdiction of the Government ...”<sup>22</sup> Establishing a working (drafting) group is usually the first step it takes. Such working groups are established as the result of a decision taken by the minister whose ministry is in charge of the respective law or regulation. The working group consists of experts in the areas required and usually involves representatives from several ministries and other Government agencies and bodies. Some working groups include representatives from the business and the civil sectors. The draft legislation prepared by the working group is submitted to the minister in charge for further processing.

Before submitting the draft law to the Government for adoption, the ministry has an obligation to consult with other ministries and government institutions. “The ministries and other state administration bodies, prior to submitting the proposals for adoption of laws, draft and proposed laws and other regulations and acts and other relevant materials to the Government for their review or adoption, submit them for obtaining opinion to the competent, relevant and interested state administration bodies and other state bodies, depending on the nature of the material under

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<sup>22</sup> Law on the Government, Article 12.

review”.<sup>23</sup> Such opinions are a precondition for further continuation of the legislative process. Exceptions are possible only in cases of emergency.

The ministries are obliged to make available on their Internet Web sites as well as in the Electronic Register of Regulations, all of the draft and proposed laws for review and comments by all interested parties.<sup>24</sup> In cases when the proposal for adoption of a law that is prepared upon Government’s request by a special commission, scientific or professional institution or by separate professionals or scientists, such a draft law shall be sent to the relevant ministry and the Legislative Secretariat<sup>25</sup> for feedback.

Upon submission to the Government, the draft legislation is first reviewed by the Collegiums of State Secretaries. This body, also known as the General Collegium, consists of the General Secretary of the Government and his Deputy, the state secretaries from all the ministries, the State Secretary of the Secretariat for European Affairs and the Secretary of the Legislative Secretariat.<sup>26</sup> If the text of the draft law requires intervention in, the draft is sent back to the respective ministry for correction. If not, it is then submitted to the appropriate working body of the Government.<sup>27</sup>

As mentioned above, the Government can establish working bodies, the task of which is “... to review and define positions on issues of Government authority, to give opinions and to prepare proposals for resolution of certain issues ...”<sup>28</sup> Such working bodies may be established on a permanent or temporary basis.

The following commissions are permanent working bodies of the Government: the commission for political system, for economic system and current economic policy and for human resources and sustainable development.

The Commission for Economic System and Current Economic Policy is a permanent body that reviews trade-related draft laws. In general, it is responsible for all economic laws and this includes all issues related to the economic system and development, strategic priorities, macroeconomic measures, the enhancement of sustainable economic development, the financial and tax sector, economic relations with other countries,

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<sup>23</sup> Rules of Procedures for Work of the Government of the Republic of Macedonia (Official Gazette No. 36/2008), Article 70.

<sup>24</sup> Ibid, Article 71.

<sup>25</sup> Ibid, Article 72.

<sup>26</sup> Ibid, Article 74.

<sup>27</sup> Ibid, Article 75.

<sup>28</sup> Ibid, Article 25.

compliance with EU *aquis communautaire*, market development and market prices, etc.

The Commission for Economic System and Current Economic Policy plays an important role in the coordination between the ministries in the decision-making process. Its competencies are derived from the following provision:

“Upon reviewing and making positions on issues under the Government authority, working bodies ensure the cooperation and harmonization of opinions of ministries and other state administration bodies through the General Secretariat and define concrete proposals, based on the harmonized opinions of ministries, the opinion of the General Secretariat and other state administration bodies for adoption of separate acts and undertake appropriate measures under the Government authority.”<sup>29</sup>

The Government may also establish professional councils as permanent consulting bodies. According to the existing legislation two such councils have been established: the Legal Council and the Economic Council. These professional councils review and provide professional opinions about separate legal, economic and other issues. Professional councils perform either upon the request of the Government or upon their own initiative.

After completion of the review by the Commission for Economic System and Current Economic Policy and, when appropriate, the Economic Council, draft trade laws are submitted to the Government (Cabinet of Ministers). They are reviewed by the ministers during Government sessions and the discussion about each law is completed by the enactment of a Conclusion.<sup>30</sup>

The Conclusion is a specific legal act of Government which determines whether the proposed law was adopted by the Government or requires further modifications. If the former is the case, the law will be submitted to the Assembly for adoption immediately thereafter. In case of the latter, the law text is sent back to the responsible ministry to prepare additional amendments or, in situations that require a more complex approach, to establish a special working group for finalization of the law.

#### *The role of the General Secretariat*

The General Secretariat provides coordination and professional support to the Government, cooperates with the ministries and other state administration bodies on strategic priorities of Government, and

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<sup>29</sup> Ibid, Article 25.

<sup>30</sup> Ibid, Article 95.

coordinates the proposal, adoption and monitoring of the Annual Operation Program of the Government. It plays a main role in the process of cooperation and coordination of legislative activities carried out by ministries and other governmental institutions under the Government Annual Operation Program. Coordination and cooperation are carried out in accordance with the Methodology for Analysis of Policies and Coordination, adopted by the Government.

*Laws, Regulations, Procedures Governing Inter-Ministerial Coordination*

The Law on the Government (Official Gazette 59/00, 26/01, 12/03, 55/05, 37/06, 115/07, 19/08) regulates the organization, manner of operation and authority of the Government of the Republic of Macedonia. It determines the rights and duties of the President and members of the Government (Ministers); it regulates the relations between the Government and the Assembly, between the Government and the President of the Republic of Macedonia, as well as the relations with other state administration bodies and local self-governing units; it defines the types of acts that the Government adopts with the aim of enforcing laws; and what is particularly important for our research, it prescribes the establishment of the General Secretariat as a professional service of the Government and defines its core authorities.

The Law on the State Administration (Official Gazette 58/00, 44/02) describes in more detail the organization of the state's administration; it envisages the existence of 14 Ministries and about 10 independent state administration bodies and administrative organizations. The Law also further defines the authority of all of the Ministries, bodies and organizations. The Law also prescribes the rules for monitoring the operation of the state's administration; the manner in which the state's administration and their mutual relations will be managed as well as the types and contents of acts issued by Ministers or Directors of bodies or organizations.

The Rules of Procedure for the Work of the Government of the Republic of Macedonia (Official Gazette No. 36/2008) define the Government of the Republic of Macedonia's internal organization and manner of operation and of its working bodies. In this context, this document: 1) regulates the work of the President of the Government, its Deputies, Ministers, General Secretary and the Office of the President of the Government; 2) regulates the organization and operation of the working bodies of the Government; 3) prescribes the detailed procedures for preparing and conducting Government sessions (including the detailed provisions for cooperating with the General Secretary and the ministries,

and the operation of the Collegium of State Secretaries; 4) regulates other issues important to the Government's operation.

The Decision on Establishing the General Secretariat (Government Decision no 23-6094 of 13 February 2001, Official Gazette 12/2001) formally establishes the General Secretariat as a professional service of the Government and defines its organization and authority. However, the General Secretariat's functioning is also regulated by the Law on the Government, the Rules of Procedures and the Annual Work Program of the Government.

The Methodology on Strategic Planning and Preparation of the Annual Work Program of the Government (Adopted by the Government of Macedonia on its 50<sup>th</sup> Session held on 22 September 2003) provides detailed rules on the process of strategic planning within the Government and the various ministries, as well as on the process of preparation of the Annual Work Plan for the Government. This Work Plan establishes the areas of priority for the Government and its ministries and bodies in the forthcoming year.

The Methodology for Policy Analysis and Coordination (Official Gazette 52/2006). determines the manner in which the process of policy analysis and coordination between the General Secretariat of the Government, the ministries and other state administration bodies will be conducted. In this document, several phases of policy analysis and coordination have been stipulated: 1) Preparation of proposals on policies and policy instruments, 2) Consultations among ministries and other state administration bodies prior to the submission of materials and acts to the General Secretariat, 3) Review of materials and documents by the General Secretariat, 4) Review of materials and documents by governmental working bodies, 5) Review of materials and documents at Government sessions, 6) monitoring of implementation of policies.

*International and Domestic Context for Trade Policy-Making in Macedonia*

National trade policies represent an intricate set of objectives, measures and instruments aimed at enhancing and expanding the exchange of goods and services to produce the desired developmental results. Successful and comprehensive policy formulation requires that competent and co-ordinated action is taken in the numerous areas directly influencing trade. In addition to addressing a complexity of subject matters, trade policy-makers must also develop an approach which takes both the country's domestic policy objectives and its international commitments into consideration. Because these objectives sometimes contradict one another, successful and sound

trade policy is expected to reconcile the potential differences and to produce solutions which result in long-term sustainable economic results.

The internal and international context within which trade policy-making takes place is of utmost importance and policy-makers must remain constantly aware of this. There is no doubt that the process becomes increasingly complex when internal factors and international commitments multiply.

What internally drives trade policy-makers in Macedonia are the economic strategic objectives set out the current Government's program (Government Program 2006-2010). According to this program, one of the Government's main priorities is to increase the competitiveness of Macedonian businesses and to significantly increase the level of foreign investment. One of the most efficient ways of achieving these goals and drive economic development is to intensify and enhance foreign trade integration processes. Because Macedonia recognized this from the very first years of transition, all Macedonian governments have pursued several initiatives aimed at strengthening the role of the country in regional, European and global trade processes.

Bilateral cooperation began in 1996 with the signing of the first free trade agreement (FTA) with Slovenia. In the nine years which followed (that is, by 2005), Macedonia signed a total of ten FTAs with countries that included all of its neighbours, as well as several important trading partners from the region (Slovenia, Federal Republic of Yugoslavia, Croatia, Bulgaria, Turkey, Ukraine, Bosnia and Herzegovina, Albania, Romania and Moldova). In addition, in 2001 Macedonia signed a free trade agreement with the EFTA countries (Switzerland, Lichtenstein, Norway and Iceland). All these FTAs shared the following characteristics: they applied only to trade in goods, provided for gradual liberalization of the markets of the contracting parties and their rules and provisions mostly referred to GATT and WTO. The list of all FTAs concluded by Macedonia since its independence as well as their current status can be found in Annex 3.

Efforts to enhance political and economic cooperation between the countries of Southeast Europe (SEE) – a process strongly supported by the European Union under the auspices of the Stability Pact<sup>31</sup> – resulted in an initiative to create a single free trade agreement. It was expected to provide a foundation for uniform and consistent regulation of trade relations and market access opportunities among all of the countries in the region. The initiative's objective was twofold: to increase trade volume and the

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<sup>31</sup> [www.stabilitypact.org](http://www.stabilitypact.org).

economic effects of SEE inter-trade relations and to prepare the countries for functioning as part of an integrated market, the latter being of crucial importance to their European future.

Although linguistic logic would lead one to conclude that the SEE free trade agreement should have been named SEEFTRA. However, due to the fact that Croatia and Macedonia were already members of CEFTA,<sup>32</sup> it was decided that CEFTA would be the vehicle for regional trade integration of the countries in SEE. To distinguish between the two, the new agreement was named CEFTA 2006. It was concluded on 19 December 2006 and entered into force on 26 July 2007. Subsequent to the accession of Romania and Bulgaria to the European Union on 1 January 2007, CEFTA now has eight members, namely Macedonia, Croatia, Albania, Bosnia and Herzegovina, Serbia, Montenegro, Moldova and Kosovo.

CEFTA 2006 is hugely important to the processes of regional cooperation in SEE. Its role encompasses much more than just unifying the 32 FTAs which previously existed between its member countries. In addition to liberalizing the trade in goods, it sets down the legal grounds for the expansion of trade in services, cooperation in the area of investments, transparent rules for public procurements and cooperation with regard to intellectual property protection. The agreement also provides for a higher level of institutionalization of trade relations by establishing a CEFTA Secretariat, which is expected to result in a more efficient implementation of its provisions.

Complementary to the process of trade integration within the region, as a European country, Macedonia is actively pursuing accession to the European Union which includes a significant component of integration into the Union's customs union and common market. This process was enhanced when Macedonia signed the Stabilization and Association Agreement (SAA) with the EU in April of 2001. The Agreement contains a significant trade component which envisions completely opening up the EU market for goods originating from Macedonia starting 2001 and gradual liberalization of the Macedonian market over a ten-year period (to be completed in 2011).

After being granted the status of candidate for EU membership in December 2005, Macedonia intensively worked on approximating its legal regime with the EU *acquis communautaire*, which includes significant harmonization work in various trade policy areas. Chapters of the *acquis* most relevant to trade conduct are the ones that deal with the free

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<sup>32</sup> Central European Free Trade Agreement (CEFTA) – free trade agreement concluded by Poland, Hungary and Czechoslovakia in 1992, later joined by Slovenia, Romania and Bulgaria.

movement of goods, freedom of the provision of services, public procurement, intellectual property protection, competition policy, financial services, food safety and veterinary and phytosanitary protection and customs union.

When the EU accession negotiations start, which is expected to take place by the end of 2009, the process of harmonization with the EU trade policy will significantly intensify and the Macedonian trade regime will be subjected to major changes. It is of crucial importance that Macedonia carries out and completes these negotiations in a structured and competent manner striking the balance between the desire to join Europe and its individual economic interests. However, launching of accession negotiations were put off on 9<sup>th</sup> December 2009 until the dispute with Greece over Macedonia's official name is resolved.

Macedonia became a member of the World Trade Organization in April 2003. WTO membership significantly complemented its other strategic efforts to develop a liberal, predictable and efficient trading environment. During accession negotiations, Macedonia committed itself to opening its goods and services markets and to bringing its trade legislation in line with WTO agreements and principles. The country is currently making efforts to make the best use of its scarce resources to track these developments and to participate in the ongoing multilateral trade negotiations known as the Doha Development Agenda.

*Coordination Mechanisms of Government Agencies in the Process of Trade Policy-Making*

To follow its domestic trade policy objectives and implement its international commitments in a consistent and competent manner and in a way that will contribute extensively to the well-being of its businesses and citizens, Macedonia has needed to develop policy mechanisms that would improve and enhance the coordination of agencies responsible for regulating the various aspects of trade. Some of these policy mechanisms are part of the overall decision-making process while others were created in response to the need for efficient coordination in specific trade integration processes.

Before starting to elaborate on the existing mechanisms for inter-ministerial coordination, it may be useful to define the meaning of the term 'policy' and to clarify the differences, or similarities, between it and the term 'legal draft', the latter being a type of legislative initiative. The *Methodology for Policy Analysis and Coordination*<sup>33</sup> defines policy as a

<sup>33</sup> Official Gazette 52/2006, p. 1.

“course of action or inaction chosen by the government to address a given problem or interrelated set of problems, or the way in which the courses of action for achieving the appropriate goals are determined.”

According to Michal Ben Gera,<sup>34</sup> “... policy is the content, or substance, and legal draft is the embodiment of its substance in a legal language and format” (p.9). Although very clear in theory, the distinction is much less clear in practice because the two concepts often interact in a complex world of formulation, implementation and enforcement of policies. However, since the terms are two sides of the same process and for the sake simplification, in the context of further elaboration of inter-ministerial coordination mechanisms, policy-making and legal-drafting will be used interchangeably.

*Trade policy as part of the general process of decision-making*

Decisions, laws and regulations in the area of trade in Macedonia are proposed and enacted in a process that is more or less common to all rule-making procedures, regardless of the subject. This general decision-making process has already been described in Chapter 3. Although it goes through the same steps, the procedure for enactment of trade laws differs from the procedure in some other policy areas in terms of the bodies/authorities responsible for it. In case of the law and economic decision-making, three bodies play a substantive coordinating role and all three are established within the centre of government. They are: the Standing Commission on Economic System and Current Economic Policy, the Collegium of State Secretaries and the General Secretariat.

The Collegium of State Secretaries is a body that regularly meets prior to the meetings of the Commission and the Government (Cabinet of Ministers). Its main role is to provide coordination among the various ministries with respect to proposed policy options and to carry out a review of the draft legislative initiatives, i.e. whether they fulfil all the conditions stipulated for quality, meet EU harmonization requirements and be based upon fiscal implication analysis. It is regulated by Articles 71-72 of the Government Rules of Procedure.

The Commission on Economic System and Current Economic Policy is regulated by Article 29 of the Government Rules of Procedure which lists in detail its responsibilities. The Commission consists of all ministers responsible for economic issues and it is the last filter for all economic policy proposals before they reach the session of the Government.

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<sup>34</sup> Ben-Gera, M. (2006) *The Role of Ministries in the Policy System: Policy development, Monitoring and Evaluation*, p. 10.

Finally, coordination is provided by the General Secretariat under Article 67 of the Government Rules of Procedures, which reads:

In cases when the ministries and other state administration bodies have different positions and opinions on specific issues regarding the materials and acts, the General Secretariat cooperates and co-ordinates with the ministries and other state administration bodies in order to resolve the issues and to discuss their impact on the defined policy and on the Government's strategic priorities.

The General Secretariat performs its coordination role through the Sector for Policy Analysis and Coordination, which has the following responsibilities:

- To make sure that all proposals and materials submitted to the Government and its working bodies are prepared and based upon competent analyses;
- To cooperate and co-ordinate the ministries in reconciling issues of strategic character about which ministries have different opinions, in order to preclude negative consequences for the Government's formulated policy and strategic priorities;
- To prepare in a timely manner the sessions of the Government's working and expert bodies;
- To follow, co-ordinate and update the implementation of the Strategy for Public Administration Reform;
- To develop cooperation with the civil sector.

In its Strategic Plan for the period 2007-2009, the General Secretariat undertook to produce better results and improve performance in the following areas relevant to inter-ministerial coordination and consultation:

- Enhancement of the process of strategic planning in ministries and other government institutions
- Development of the capacities for policy analysis and coordination
- Improved coordination of the process of reform of the public administration

#### *Coordination for EU integration*

As a candidate country for EU membership, Macedonia is obliged to formulate and implement all policies in light of its European future. In other words, all policy initiatives and pieces of legislation, in addition to meeting the domestic strategic objectives, must be compliant with EU policies and *acquis communautaire*. To achieve the required level of compliance, Macedonia has developed coordination mechanisms and

procedures whose main role is to strengthen the EU harmonization component in the already existing decision-making processes. EU compliance aspects were pursued in two ways: through the establishment of a separate institution, and through the inclusion of the EU aspects in the regular policy process.

The institution directly responsible for managing and coordinating the process for Macedonia's accession to the European Union is the Secretariat for European Affairs (SEA). The Secretariat provides direct support to the Vice-Prime Minister in charge of EU integration. The main role of the Vice Prime Minister and the Secretariat is to provide coordination and compliance of the activities of all government institutions in the process of Macedonia's preparation for EU membership, including the membership negotiations. Coordination in the area of trade policy is carried out by the Sector for Integration in the Socio-Economic Area.

The socio-economic area includes a number of negotiating chapters that to a greater or lesser extent affect trade policy-making, such as chapters on: internal market (free movement of goods, free movement of services, intellectual property protection, competition policy, financial services), agriculture (food safety, sanitary and phytosanitary protection), customs union, transport, environment, industry, etc.

The Sector's responsibilities include: coordination with regard to the Stabilization and Association Agreement and all other agreements concluded with the EU, coordination of the work of the SAA working bodies, support to the negotiating team for EU membership in the socio-economic area, preparation of the National Program for Approximation of the Macedonian Legislation to the Acquis, coordination of the participation of Macedonian representatives in the work of EU institutions and bodies, cooperation with the NGO sector, etc. The Sector also follows EU policies and legislation, as well as the development of the Union's institutions.

In addition to the coordination efforts carried out by SEA, due attention is paid to the EU aspect of every legal initiative in the course of its enactment. Every draft policy proposal based on EU directives and decisions has the EU flag next to its title, which means that it has to be accompanied by a separate memorandum demonstrating the correspondence of the draft with EU provisions. Only then can the proposal be forwarded to the Government of Macedonia for adoption and submission to Parliament.

#### *Coordination for WTO accession and compliance*

The extremely complex process of accession to the WTO required a high level of coordination among the government institutions regulating the various aspects of foreign trade. Accordingly, at a fairly advanced stage in

the negotiations, and with an object to sustaining and improving their quality, Macedonia established two bodies that were expected to further contribute to the efficiency and effectiveness of the coordination process. These two bodies instituted a two-level mechanism that provided coordination at the highest ministerial level, as well as at an expert level.

The Coordinative Body of Ministers for WTO (CBM) was established in 2003 with a Government Decision which was enacted on 17 March 2003. It currently consists of seven members, namely the ministers of the economy, foreign affairs, finance, agriculture, transport and communications, the Director of the Customs Administration and the Governor of the National Bank. The body is chaired by the Minister of Economy as the official in charge of the institution responsible for coordination of all activities relating to the WTO. The main tasks of the Coordinative Body of Ministers include coordination of work relating to the accession to the WTO and the implementation of commitments arising from it.

The Coordinative Body of Experts for WTO (CBE) was established in 2001. It currently includes members from 20 institutions (see Annex 4). When it was established, the main role of this body was to provide for regular coordination among all government institutions participating in the accession process at an operative and expert level. In other words, all of the work relating to the preparation of negotiation proposals and accession documents, as well as drafting all of the legislative proposals required to have Macedonia's trade regime comply with WTO agreements and principles was co-ordinated through CBE. The CBM made decisions only in cases of high strategic importance or when two government institutions disagreed on specific issues.

The need for the CBM and CBE in the administrative structure of Macedonian administration continued to exist well after Macedonia became a member of the WTO. Although negotiations were completed, the government still had plenty of work to do in terms of meeting all of its obligations for harmonization of specific laws, gradual liberalization of market access in goods and services, and submission of notifications in various areas required by the WTO. In addition to its regular commitments, Macedonia also had to catch up and get itself included in the multilateral trade negotiations that were already ongoing at the time of its accession, in order to provide for proper, timely and competent representation of its interests. There is no doubt that both CBM and CBE were still needed and useful.

Unfortunately, what actually happened was that when the direct pressure of the accession negotiations disappeared, the role of the above described coordinative mechanisms drastically reduced. Another reason for

this was that Macedonia never actually managed to establish the desired level of participation in DDA.<sup>35</sup> CBM and CBE still exist; however, their relevance has diminished as the distance from the day of accession increases. This is especially true for the CBM which has not held a meeting since September 2005. The Coordinative Body of Experts, although very much marginalized, still plays its coordinative role in rare cases when Macedonia's input in DDA must be prepared, as well as when coordination is needed for other trade policy initiatives such as the Annual Conference on Enhancing Exports (see Chapter 8).

*History of Attempted Administrative Changes Regarding Trade-Related Inter-Ministerial Policy Coordination Made by Government with Support of Internal/External Consultants and Outcome of Such Attempts to Change*

The initiative that was the most important and relevant initiative to change in the policy coordination process was the initiative which reformed the role and operation of the General Secretariat of the Government. This reform was based on a functional analysis of the work of the Secretariat carried out in the period 2000-2001 and its main objective was to adapt the way this body operated to modern, effective and efficient operational practices and to create conditions for its more proactive role in the policy-making process. As a result, the Strategic Plan for the Development of the General Secretariat was prepared in 2002.

On 13 February 2001, the Government of Macedonia adopted a Decision introducing a modernized General Secretariat which provided for a proper structure of the body, clearly defined its role and established efficient procedures.<sup>36</sup> The reform was carried out with expert assistance from the SIGMA Project.<sup>37</sup>

Probably the most relevant document dealing directly with the coordinating capacity of the Macedonian administration is the Assessment Report on Policy-Making and Coordination prepared by SIGMA in June 2006. The report is the first of its kind produced for Macedonia and it assesses the progress made there and the current situation in policy-making and coordination. It analyzes nine aspects of the policy-making process in Macedonia. The SIGMA Report reads as follows:

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<sup>35</sup> Doha Development Agenda, launched at the Fourth WTO Ministerial Conference held in November 2001 in Doha, Qatar.

<sup>36</sup> Official Gazette 12/2001.

<sup>37</sup> SIGMA is a joint initiative of the European Union and OECD, principally financed by the EU. Its main area of assistance is the public administration reform in countries that are preparing for EU membership.

Since 2001, Macedonia has been engaged in a comprehensive reform of its decision-making system, which has introduced strategic planning, linkages between strategic and work planning, and policy coordination mechanisms at the centre of government. Major pieces of legislation and regulations, e.g. rules of procedures and a new systematization, to support the reform have been adopted and the General Secretariat has been fundamentally transformed from a body providing only administrative and logistical support to an organization, staffed with managerial civil servants, capable of providing substantive planning and policy support to the government. The process of reform has also involved a large number of staff in ministries, and there is clearly a growing understanding and acceptance throughout the system of the importance of strategic planning with linkage to the budget, policy analysis and coordination. (p. 1)

The Report provides brief assessment results for each of the nine analyzed policy areas. They are provided in Annex 5.

Another important document that provides valuable information on the current process of policy coordination in Macedonia is the Report on the Capacities for Policy Planning, Development and Monitoring in Ministries. The Report was prepared in 2007 by the General Secretariat of the Government of Macedonia with the assistance of SIGMA experts. In general, the Report analyses the capacities of the ministries in Macedonia to participate in the decision-making following the twelve steps in the policy process determined by Michal Ben-Gera.<sup>38</sup>

The main goal of the project was to carry out a horizontal review of capacities for policy development and planning in ministries, to prepare a gap analysis and to offer recommendations. The fifth step in the process on inter-ministerial consultations provides information on how coordination is carried out within one ministry, or between two ministries, but prior to the moment the policy issue reaches the centre of government. In this area, the Report concludes the following:

Overall policy coordination is weak or nonexistent in the ministries. Most of the usual functions of policy coordination in a ministry are either the responsibility of the different sectors with responsibility in the specific areas, or do not exist in some of the ministries. Coordination of draft proposals exists in half of the ministries and in all cases this function is located in sectors responsible for legal, normative and personnel issues.

The internal consultation process usually involves only specific sectors depending on their responsibilities. The involvement of relevant stakeholders in the process of drafting proposals is not a standard procedure since most of

<sup>38</sup> Ben-Gera, M. (2006) The Role of Ministries in the Policy System: Policy development, Monitoring and Evaluation

## CHAPTER 7

the ministries stated that relevant stakeholders are involved only occasionally.(p.19)

To facilitate the implementation of existing legislation in the area of policy-making and to increase the quality of the policy-making process, the Norwegian Government in cooperation with SIGMA funded the preparation of a document titled *Policy Development Handbook*. It was published in 2007 by the General Secretariat of the Government of Macedonia. The Handbook offers to all policy-makers in Macedonia a practical guidance through the process of policy planning and thus assists them in preparing high-quality proposals based upon relevant information and thorough analysis. The policy-making process described in the Handbook is based upon the Macedonian legal framework, namely the Law on Government, the Government Rules of Procedure, the Methodology on Strategic Planning and Preparation of the Annual Work Program of the Government and the Methodology for Policy Analysis and Coordination, as well as on best practices applied in more advanced democracies.

All the above described initiatives, most of which were generously supported by the international donor community, were aimed at improving the overall policy-making process in Macedonia. Thus, the initiatives affected all economic policies, be it monetary, fiscal, and industrial or trade.

In general, USAID supported the initiatives taken for the improvement of the process of inter-ministerial coordination on trade policy.<sup>39</sup> The assistance was provided in the context of the Macedonian accession to the WTO which, due to its complexity, required the creation of mechanisms that would improve coordination among all government institutions involved in the negotiating process. Upon the recommendation of USAID experts, two coordination bodies were established: the Coordination Body of Ministers and the Coordination body of Experts (the details of their structure are provided in Chapter 6).

These bodies significantly improved the quality of the policy-making process in the course of the WTO accession negotiations and they were also expected to do so in the period after Macedonia became a member of the WTO. They were also expected to be the main forum for the formulation of Macedonia's negotiation proposals and inputs with regard to the ongoing Doha Development Agenda. However, as time passed and the pressure relating to the accession negotiations disappeared, the frequency of CBM and CBE meetings declined, resulting in a significant reduction in their relevance and importance. Nevertheless, the Coordinative Body of

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<sup>39</sup> United States Agency for International Development.

Experts still meets from time to time to discuss and review changes in Macedonian trade policy.

*Strengths and Weaknesses of Current Trade Policy Inter-Ministerial Coordination and Suggestions for Improvements*

Starting in 2001, Macedonia's policy-making process underwent a series of changes and reforms. The majority of them were part of the initiatives taken to improve the performance of Macedonia's public administration in preparation for EU accession negotiations and membership. As a result, today Macedonia has a modern legal framework for policy planning and implementation that sets the scene for well-structured, efficient and competent process for the creation of policies, including trade policy. The framework includes provisions for inter-ministerial coordination as well as consultations with the civil sector.

The provisions contained in the Government Rules of Procedure and the Methodology for Policy Analysis and Coordination tackle two aspects of inter-ministerial coordination: coordination between ministries during the initial stages of the policy-making process and, even more importantly, coordination at the centre of Government. Particularly for the latter, Macedonia has developed a structured set of rules and bodies such as the Collegium of State Secretaries, the standing government working commissions and the General Secretariat. They provide for a multilevel policy-making process where each of the bodies plays a significant role in coordination.

Although all the formal conditions are in place, what counts most for successful coordination is its efficient implementation. The analyses carried out to evaluate the quality of policy-making at different levels showed that coordination by the ministries in the early stages of policy-making process was much weaker than the coordination which took place when policy proposals reached the centre of government. Recommendations with regard to the former include the following:

It is recommended that in order to improve internal policy coordination in the ministry, each ministry should develop policy coordination capacity ensuring consistency of policies developed in the ministry and development of sound procedures in all steps of the policy process: policy analysis, preparation of drafts, consultations, internal approval, implementation, monitoring and evaluation.<sup>40</sup> (p. 20)

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<sup>40</sup> Report on the Capacities for Policy-Planning, Development and Monitoring in Ministries, General Secretariat, July 2007.

In terms of how the capacity should be developed, the Report recommended the establishment of special units in ministries. They would be made responsible for strategic and annual planning and policy coordination. Among other things, the unit's main responsibilities would be to: organize internal coordination on policy proposals within the ministry, assist in the development of consistent policy positions, co-ordinate the participation of the ministry in joint policy projects and liaison with the General Secretariat with respect to the policy process.

Similar findings appear in the Report prepared by SIGMA in 2006<sup>41</sup>: the recognition of the importance of procedures in regards to the inter-ministerial coordinative process, and the need for improvements in regard to relevance of policy proposals:

The procedures for inter-ministerial coordination are appropriate. The General Secretariat should make an effort to encourage ministries and other state administration bodies to improve the consultative process and, apart from legislative matters, focus discussions on more substantive policy issues. (p.2)

The same Report offers very positive findings with regard to the coordinative role of the General Secretariat in the policy-making process:

The General Secretariat has the legal underpinnings, the organizational structure, the staff, and the working methods that allow it to play a significant role in the policy management system in Macedonia. It is an organization with a sense of mission, where the leadership and staff have understood their new responsibilities and are committed to playing a substantive role in the policy system, in cooperation with other players. (p. 3)

The existence of mechanisms, such as the coordinative bodies of ministers and experts that provide for trade policy-specific inter-ministerial coordination, definitely adds quality to the policy-making process. However, these two bodies are not used as much as they should be. They usually convene when the Ministry of Economy needs cross-agency input for Macedonia's WTO negotiating positions, or when they are needed for reviewing trade policy recommendations put forward by the business community during the Annual Conference on Enhancing Exports.<sup>42</sup> It is both very useful and highly recommended that CBM and CBE be recognized as general forums for the discussion of trade policy issues and that they be given a more relevant role in the trade-policy-making process.

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<sup>41</sup> Assessment Report on Policy-Making and Coordination, June 2006, SIGMA.

<sup>42</sup> Organized by the Macedonian Government with USAID support annually, since 2005. The main objective of the Conference is to encourage the policy dialogue between the Government and the business sector.

*Conclusions*

The legal framework for inter-ministerial coordination in the policy-making process in Macedonia is well structured and sufficiently developed. The main driving force for its development was the process of Macedonia's approximation to the European Union. In addition to legal changes, significant effort has been put, both by the Macedonian Government and the international donor community, into enhancing the de facto functioning of coordination mechanisms. According to the SIGMA Assessment Report possible next steps in this area are:

[For the General Secretariat]:

Further development of capacities in the General Secretariat, especially in the Sector for Strategy, Planning and Monitoring and in the Sector for Policy Analysis and Coordination. These sectors should continue to improve their ability to provide substantive support to committees and to the government and to proactively and creatively impel ministries to improve the quality of their policy proposals. (p. 6)

[For the ministries]:

Ministries should increase their capacity for policy development to ensure that policies are well prepared, supported by appropriate assessment of impacts and costs, and subject to consultation both within the ministry and with other stakeholders, including NGOs and other civil society organizations. (p. 6)

In general, results are encouraging and represent a visible contribution to the quality of the policy decisions made. However, progress is not balanced. Due to strong foreign assistance in improving coordination at the centre of government, more substantial results have been achieved in this area. In comparison, inter-ministerial coordination in the early stages of the policy-making process has lagged behind in quality and efficiency. Macedonia still has a long way to go in improving the overall quality of its decision-making process. In particular, it needs to strengthen the capacity of its institutions; officials and politicians need to understand the importance and embrace the concept of a planned, co-ordinated and documented approach to the development of every policy proposal (Toseva – Inter).<sup>43</sup>

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<sup>43</sup> Toseva, G. & Sahov, A. 2008. *Inter-ministerial coordination of trade policy in the Republic of Macedonia*. Working paper for CREDIT (Center for Research, Economic Development and International Trade).



## CHAPTER 8: POLICY RECOMMENDATIONS

Concrete recommendations that are based upon empirical evidence found in both the developed and developing worlds can be made about trade-policy and IMC. If they are implemented by a developing country, they can help such countries to make the transition into the developed world.

When undertaking policy reform, one's attention should be spent primarily upon dividing up the concept of policy-making into various areas and stages. One must establish just what the most powerful motivations are for making changes in each of these areas rather than laying down concrete rules (Ionita, 2005, p. 15).<sup>1</sup> Although every country has its own, different culture, history, and economy and this affect the ideal structure for this, some rules apply to them all.

With regard to intellectual property (IP), developing countries should set up inter-ministerial coordination with particular IP standards in mind. All relevant ministries and departments should participate in the policy-making process. These countries should enhance the role of their ministries of foreign affairs such that they can guarantee a single position on IP issues. They should include their IP administration on general development policy decisions (Latif, 2005).<sup>2</sup>

The developing countries should moreover increase their representation at WTO and WIPO meetings to include departments which deal with IP. If they have more than one mission in Geneva, they make sure that there is good communication between the groups. If they do not have more than one mission, they should appoint a 'focal point' for IP issues. The countries should also always consult their permanent missions before they sign regional or bilateral free-trade agreements (Latif).

Eastern Europe's transition to a market economy requires that they eliminate a number of institutions and practices as well as introduce some new agencies with new goals and a staff with different attitudes and behaviour. The current design and direction of economic reform in Eastern Europe is greatly damaging their macroeconomic policy apparatus (Rice, p. 4).<sup>3</sup>

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<sup>1</sup> Ionita, S. 2005. Poor policy making and how to improve it in countries with weak institutions. Available from <http://pdc.ceu.hu/archive/00002838/01/ionita.pdf>.

<sup>2</sup> Latif, A.A. 2005. Developing country coordination in international intellectual property standard-setting. Working paper prepared under the South Centre Trade-Related Agenda, Development and Equity Project (TRADE) Available from [http://www.southcentre.org/tadp\\_webpage/research\\_papers/ipr\\_project/trade\\_wp24\\_jun05.pdf](http://www.southcentre.org/tadp_webpage/research_papers/ipr_project/trade_wp24_jun05.pdf).

<sup>3</sup> Rice, E. 1991. *Managing the transition: enhancing the efficiency of Eastern European governments*. World Bank Policy Research Paper No. 757. Available from (continued)

To enhance the efficiency of their policy-making procedures, these countries should introduce mechanisms for policy coordination, improve the government's access to information, and provide technical training for their economic policy-makers. Naturally, each country has its own, unique circumstances, so that a single system is unlikely to work everywhere. A final solution may therefore consist of a system which encompasses both formal and informal communication between economic ministers much like the Polish system, or an IMC council like the one proposed by Romania, or a temporary, transitional ministry. At the very least, all Eastern European states should expand their capacity for economic projects (p. 5).

#### STRENGTHENING POLICY COHERENCE FOR IMC

Strengthening policy coherence can be defined as “a question of reinforcing the collective decision making, communication, and learning and implementation capacities of government in the face of pervasive and profound change” (OECD, 2000, p. 2).<sup>4</sup> There are three dimensions of coherence: horizontal, vertical and temporal coherence.

Horizontal coherence implies strengthening coherence across ministries or other agencies and division between conflicting policy goals. Vertical coherence ensures that services provided to citizens are consistent with the “original intentions of policymakers.” Temporal coherence is related to ensuring that “today’s policies continue to be effective in the future by limiting potential incoherence and providing guidance for change” (p. 3).

The effectiveness of central government depends upon:

- it having a strategic overview of governmental policy activities;
- it having a co-ordinated view of where new policy proposals stand in relation to existing policies and the government’s overall objectives;
- ability to reduce the risk of policy conflicts by ensuring that all affected interests are involved at appropriate stages of policy development;
- ability to establish authoritative mediators and arbitrators;
- ability to communicate policy decisions to all concerned players and implementation oversight;
- ability to maintain links to other advisory streams while staying close to the head of government;

[http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000009265\\_39610030](http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000009265_39610030).

<sup>4</sup> OECD. 2000. *Government coherence: The role of the centre of government*. Meeting of Senior Officials from Centres of Government on Government Coherence: the Role of the Centre of Government, Budapest. Available from: <http://www.oecd.org/dataoecd/42/52/33981740.doc>.

- ability to maintain collaborative working relations with and among all sectors of the administration; and
- ability to apply effective regimes of performance management and policy evaluation” (p. 3).

However, all these functions are not enough to ensure coherent policy. There are several challenges to coherence. First, a culture of coherence requires strong commitment by policymakers and managers. Second, the centre of government should see clear overall objectives and highlight priority ones. Thirdly, civil society should collaborate with government, but the challenge for the government is to manage pressures from interest groups.

There are four forms of coordination. ‘Negative coordination’ means that public agencies do not interact with each other and do not interfere with each other. ‘Positive coordination’ assumes not only a mutual recognition of programs, but also agreement to cooperate in the delivery of services. ‘Policy integration’ is the third form of cooperation. In this form, goals pursued by public organizations are co-ordinated. This may require a significant amount of bargaining amongst ministries and/or an imposition from the central government.

‘Development of strategies’ is the final stage. It requires strategies that cover multiple organizational lines and “produce substantial agreement on general goals among public organizations” (p. 6). As an example of the fourth type of coordination is sustainable development in which agencies have other strategies and goals, but at the same time remain committed to a sustainable environment.

The re-centring of governance, particularly towards decentralization, is strategic. Under this framework there are political leaders at the centre who set broad patterns of policy and also establish structures and processes for coordination of actions by other organizations. At the bottom of this structure are strong organizations with competent managers dealing with service delivery. They take decisions in their own, narrow areas of activity. Several instruments from NPM can assist the centre to govern. For instance, contracts and negotiated agreements can be a catalyst for a centre’s strategic goals. Performance management and budgetary control can also help the centre to maintain control.

In spite of the positive effects decentralization and de-concentration has, integrated and coherent government policy requires strengthening of the centre of government and the political power of central actors.

The problems which contemporary governments face as a result of disjointed ways of working can be explained by the proliferation of

governmental and non-governmental agencies which are accountable to various governmental agencies with different goals, tasks, organizational cultures, financial regimes etc. The concepts of 'whole systems' and partnership can provide an alternative way to "understanding and planning intervention within a complex set of interactions"(Stewart, 2002, p. 3).<sup>5</sup>

The 'whole systems' approach is based upon the idea that complex systems should be understood in terms of their interaction with their environment. This interaction creates feedback loops; the different parts of the system consistently provide one another with information (p. 3). The system is flexible; each participant can change his or her behaviour and environment through interaction with the other.

For policy implementation to be effective, each ministry of government and each link between the various ministries must also be effective. The best policy is to set up a 'virtuous circle' whereby effectiveness in one area reinforces effectiveness in others (p. 3).

However, weak management, poor motivation, and lack of effective feedback systems may lead to new central government initiatives which create rushing and 'rebadging', while few attempts are made to refocus resources or evaluate the progress being made (p. 3).

#### PARTNERSHIP FOR IMC

Partnership is the way to overcome problems with disjointed government. Partnership can be categorised by elements such as membership, status, structures, leadership, agendas, and organizational cultures (p. 6). In areas of public policy such as environment and economic development, where professionalism is not so entrenched, partnerships will have an open, participatory character. In other words, there will be more heterogeneous actors, but it will be more difficult to come to an agreement about goals and objectives. This type of partnership is called 'facilitating'.

There are two additional types of partnerships: 'co-ordinating' and 'implementing' partnerships. A co-ordinating partnership involves oversight and deals mainly with less controversial and sensitive issues than facilitating partnership. Implementing partnerships are relevant for pre-agreed projects where project delivery is recognized by both partners as beneficial. The main goal of such a partnership is to find resources and implement the process.

There are five important factors for successful collaborations:

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<sup>5</sup> Stewart, M. 2002. *Systems governance: Towards effective partnership working*. Paper to the Health Development Agency Seminar Series on Tackling Health Inequalities. The Cities Research Centre. University of West England, Bristol.

- Where the political geography is clear – boundaries long established and at least some common boundaries between partner areas of responsibility – it is easier to create the basis for collaboration at a strategic level.
- It is easier to build collaboration where there is a sense of shared identity and common interest.
- While new initiatives assume a blank canvas, in reality each area is already marked over and over by the history of previous initiatives.
- The problems facing local agencies have changed over time, and their capacity to deal with them has changed.
- Personalities are crucial and collaborative working depends on the role of individuals. Time and again it is said that ‘people matter’ (p. 7).

The key elements required for a partnership to work are transaction costs and social capital, leadership, and power.

There are several components to successful collaboration. The first component is clarity about responsibilities. The second component is jointly agreed outcomes. Other important factors include mutual trust and the sharing of ideas and technical support (Sussman, 2000, p. 5).<sup>6</sup> The ongoing support of agency and program management is also very important.

To ensure successful collaboration, it is important to develop clear explanations about how problems will be addressed as a group; get support from the top level of government; define the organization’s goals, make sure to give priority to the needs of the client; streamline service delivery to clients; and encourage communication between all interested partners (p. 6).

Governments should rely on informal guidelines rather than on hierarchy in the relationship between central government and local organizations. This is effective for improving the quality of public services. However, this method has its pitfalls which are considered along with suggestions how to overcome them (Brandsen et al., 2006, p. 546).<sup>7</sup>

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<sup>6</sup> Sussman, T. 2000. Interagency collaboration and welfare reform. Issue Note in *Welfare Information Network*, Vol. 4, Issue 1. Available from: [http://eric.ed.gov/ERICDocs/data/ericdocs2/content\\_storage\\_01/0000000b/80/25/3a/a4.pdf](http://eric.ed.gov/ERICDocs/data/ericdocs2/content_storage_01/0000000b/80/25/3a/a4.pdf).

<sup>7</sup> Brandsen, T., Boogers, M., & Tops, P. 2006. Soft governance, hard consequences: The ambiguous status of unofficial guidelines. *Public Administration Review*.

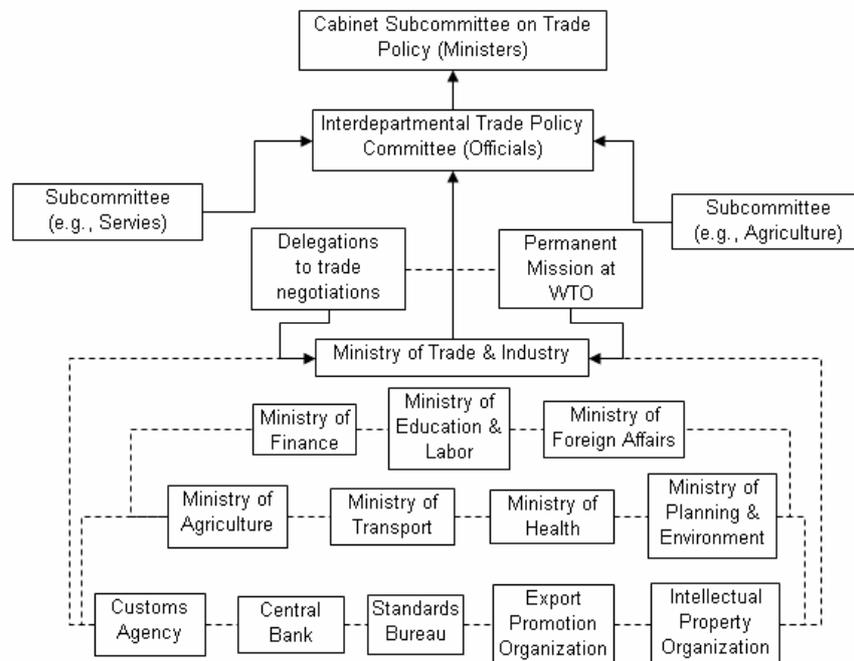


Figure 8. Executive trade policy coordination in a developing country  
(Based on Nathan, p. 2)

There are some aspects of government that are necessary for success. According to Bernard Hoekman of the World Bank, extensive and frequent coordination amongst governmental agencies should be formally introduced, particularly through inter-ministerial mechanisms with a convening agency overseeing the process. There should also be an inter-ministerial consensus on a specific action plan designed to improve trade performance. Specific benchmarks or goals should be identified, such as reducing the costs of trade, creating measures for productivity, and improving access to services (Hoekman, 2009, p. 3).<sup>8</sup>

Hoekman also gives several examples of what he terms ‘good practice’, similar to the concept of ‘good governance’. He recommends strengthening the capacity of trade-related coordinating agencies. There

<sup>8</sup> Hoekman, B. 2009. *Identifying and Addressing Trade Constraints: Some ingredients of success*. Presented at the EIF Focal Points Global Workshop, Geneva, Switzerland (8 July 2009).

should be a regular system for monitoring progress, either bimonthly or quarterly. The capacity of firms and farmers should also be increased (p. 4).

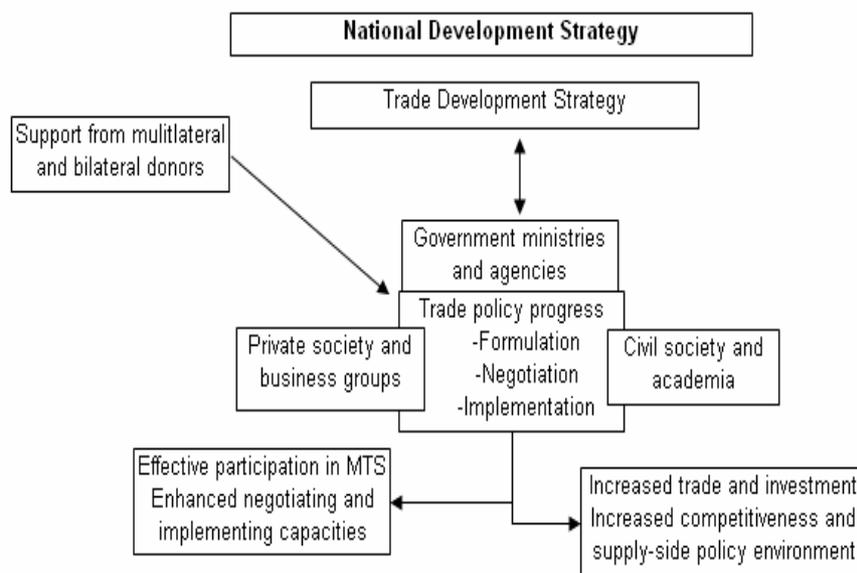


Figure 9. Trade policy process for developing and transition economies  
(Based on Nathan, p. 10)

For integration to truly take place, all ministries must play an active role in the progress and they must be given responsibility for elements within the trade programme. This integration is important for attracting donor funds for trade projects (Bird, p. 7).<sup>9</sup>

An indication that effective coordination is taking place is when a state is able to co-ordinate its consultation to achieve common interests, autonomous decision-making, a societal approval of innovation, the technological environment of enterprises, investment in the population's future, and venture capital (Meisel & Aoudia, 2008, p. 42).<sup>10</sup>

According to Thomas Feidieker (2009), an adviser for the Globalisation, Trade, and Investment Division of the Federal Ministry for

<sup>9</sup> Bird, K., Higgins, K. & Quitzrow, R. 2009. *Aid for Trade: Removing Constraints to Trade, Enabling Inclusive Growth and Supporting Poverty Reduction*. Draft for comment from the Growth and Equity Programme. Overseas Development Institute (ODI).

<sup>10</sup> Meisel, N. & Aoudia, J.O. 2008. *Is "good governance" a good development strategy?* Working paper for the Agence Française de Développement.

Economic Cooperation and Development in Germany, indicators of effective trade policy regulation include:

- The measurement of governance structures by an index;
- A high level of coordination in the policy environment;
- Competence of local and national governments to provide a coherent framework for trade;
- A high level of harmonisation between customs procedures and international conventions and
- A high level of coherent integration of trade development strategy in PRSPs and NDS (Feidieker, p. 5).<sup>11</sup>

Some indicators of trade development include:

- Extensive and high-quality trade information services, statistics, and analysis;
- Public and private institutions of high quality;
- The competence of local and national governments to co-ordinate, promote and to steer a conducive trade environment;
- A co-ordinated policy environment that supports public or private trade promotion networks, such as round tables, open discussions, coordination committees (p. 5).

According to the World Trade Report from 2009, “transparency and effective monitoring make a decisive contribution to managing trade policy, especially in adverse economic circumstances (WTO, 2009, p. xxiii).<sup>12</sup> This general observation fits very well with the above made recommendations. IMC for trade policy-making should be based on the criteria listed and explained above, an observation which is valid for all countries no matter what their stage of economic and political development is.

For governments to function satisfactorily, they need to provide equilibrium between maximum representation and efficiency (Blondel et al., 2005, p. 2).<sup>13</sup> Representation ensures that every cabinet member has a

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<sup>11</sup> Feidieker, T. 2009. *Session 7: Aid for Trade: Assessing impact and effectiveness*. Background paper on the German Input in Session 7 of the German Development Policy section of Aid for Trade.

<sup>12</sup> World Trade Organization. 2009. *Trade Policy Commitments and Contingency Measures*. World Trade Report 2009.

<sup>13</sup> Blondel, J., & Malova, D. 2005. *The process of decision-making in cabinets in East-Central and Southeastern Europe since 1990: a successful equilibrium?* Paper prepared for the Joint Sessions of Workshops, Workshop No. 10: The Process of Decision-Making in Cabinets in Central-Eastern and Southern Europe, Uppsala, Sweden (13-18 April). Available from:  
<http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/uppsala/ws10/Blondel.pdf>.

POLICY RECOMMENDATIONS

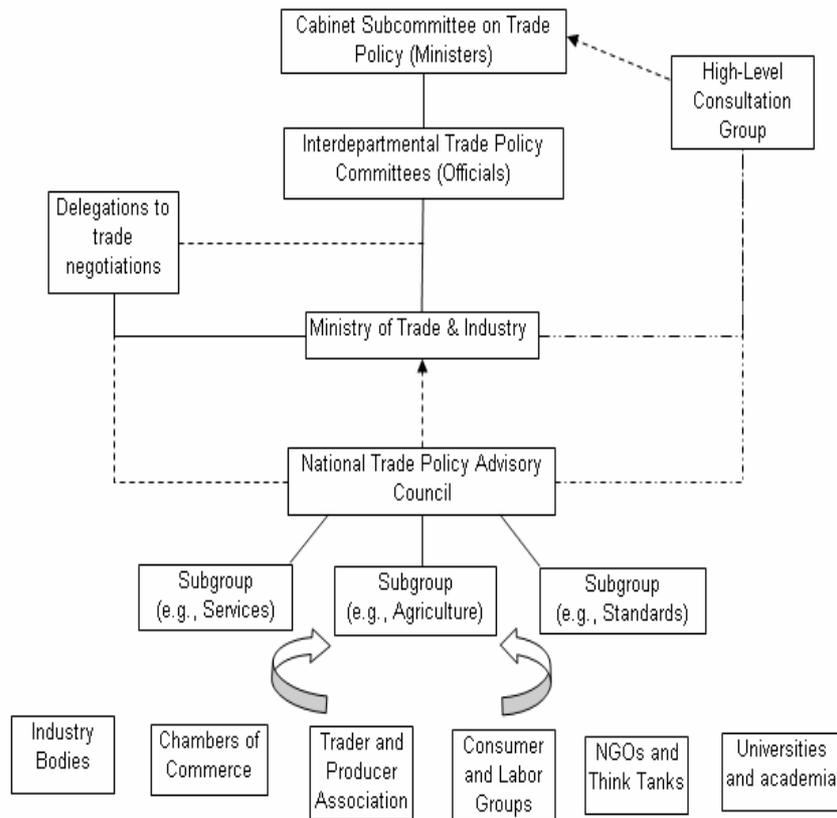


Figure 10. Trade policy dialogue and consultation process  
(Based on Nathan, p. 15)

part in decision-making and that decisions are made collectively. However, decisions made collectively tend to require substantial debate, which diminishes efficiency. This conundrum necessitates methods for ‘streamlining’ the decision process (p. 3).



## CHAPTER 9: SUMMARY AND CONCLUSION

The examples of inter-ministerial coordination of trade policy given in this sourcebook show how important IMC is to effective trade governance in both the developed and developing worlds. Successful trade and economic development hinges on the ability of governments to organise IMC efficiently and effectively.

With constant consideration of the efficiency and the effectiveness of inter-ministerial coordination, governments can increase their influence on the global economy as they become a more credible actor in the world economy.

Chapter 1: The introduction starts with an overview of trade policy consultation and what, in general, that entails when involving four broad groups of relevant stakeholders, namely: government ministry, other relevant government ministries and agencies; private sector; and civil society organizations (CSOs).

The chapter further clarifies that when analyzing trade policy-making, all the four broad group of stakeholders deserve one's full attention. This source book focuses specifically on one stakeholder group, namely the government, and its competence or lack of it in organizing inter-ministerial trade policy formulation.

Chapter 2: Concepts and Theories of Inter-ministerial Policy Coordination lists the various forms of inter-ministerial policy coordination, such as vertical coordination and horizontal coordination; these have been classified. The different types of coordination mechanisms have also been categorized as being based on hierarchy, markets, and networks.

Coordination theories have subsequently been presented and described as consisting of historical neo-institutionalism, sociological neo-institutionalism, rational choice neo-institutionalism, contingency theory, and resource dependency theory.

A distinction is made between policy coordination and cooperation and details are given as to the levels found in the policy coordination scale. Details are also given regarding the importance of IMC in trade policy-making and other governmental functions. Such coordination can be formal or informal, as both categories can positively affect the functioning of a government.

The chapter further discusses public administration and, in particular, its three main narratives: class bureaucracies, New Public Management, and New Governance. It explains that these narratives do not accurately address the issue of IMC and hence should be complemented by

the concept of Strategic Public Management (SPM). Soft governance and its relation to IMC are discussed next. It is often cited as a useful tool for policy implementation, but it has several weaknesses that need to be addressed if it is to be used effectively in trade policy-making.

Subsequent sections focus on organizational environments, the difference between network and learning organizations, and the relationship of IMC to governance, with special emphasis put on the concept of 'good governance.' This often refers to a government's economic management and its ability to place specific importance on participation and transparency in the government.

IMC has various conditions and incentives for implementation. They include the six main incentives for cooperation, the eight conditions for coordination, and the four basic strategies of coordination. Performance and IMC explains the importance of improving the performance of a government and how IMC can facilitate a government's meeting its goals and objectives for trade and economic development.

In response to the challenges associated with IMC, the Concepts and Theory chapter includes a portion on solutions to these challenges and how several organizations and theories address them.

Chapter 3: IMC in OECD Countries begins with a description of IMC in practice in Western Europe, specifically in the European Union, France and Switzerland. It details the use of IMC in these countries and how they utilize coordination to make their governments more efficient and effective. The section emphasizes the importance of cabinet committees that deal with policy proposals and the establishment of a cabinet secretariat along the European Union's model. The European Union deals with specific coordination issues that are unlikely to be faced in other parts of the world. Although their solutions may not be entirely relevant to other governments, they can be considered the best example of how to use IMC properly.

The section goes on to explain the importance of including IMC in policy reform and how policy reform in many countries is driven by the concepts and tools of New Public Management (NPM). It also discusses the need to strengthen policy coherence in relation to IMC. There are three types of coherence: horizontal, vertical and temporal. These lead to various forms of IMC. This section also details the challenges of creating effective policy coherence and the four forms of coordination. The specific solution to these challenges that the section discusses is partnership; it comes in three forms: facilitation, coordination, and implementation.

Chapter 4: IMC in Developing Countries describes IMC practices in developing countries. This portion details the IMC, or lack thereof, in developing countries such as Nigeria, the Philippines, Trinidad and

Tobago, Uganda and other ASEAN countries. These countries have varying degrees of IMC and are either using their institutions to build effective IMC or are experiencing stagnation due to a lack of effective IMC institutions. Many of these countries have plans for IMC, but these plans are often not implemented.

Chapter 5: IMC in Transition Countries describes the use of IMC in Bulgaria, Central and East Europe, the Czech Republic, Estonia Kazakhstan, Poland and Slovenia. These sections all detail how IMC can be useful in helping transition countries participate more effectively in the world economy. Transition countries often have basic plans for IMC but often lack efficient implementation mechanisms. Each of these countries has created a unique approach to dealing with the problem of coordination, with varying results.

Chapter 6: IMC in the Context of Trade, Environment and Governance presents examples of IMC from the perspective of different International Organizations such as the Organization for Economic Co-operation and Development (OECD), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), and the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA).

Chapter 7: Case Studies in Trade Policy Formulation and IMC from Eastern Europe and Central Asia offers two detailed country analyses of IMC. The two countries studied were Kyrgyzstan and Macedonia. Both of these countries are examples from Central Europe and Central Asia. The authors who participated in these detailed studies found that both countries were using IMC to the best of their abilities but with varying degrees of effectiveness.

Chapter 8: Policy Recommendations focuses on what governments can do to increase their levels of IMC in order to make their organizations and policy-making more efficient. This includes suggestions like improving the government's access to information and providing technical training to economic policy-makers. Some countries for instance may have different solutions such as a system of both formal and informal communications between economic ministers, IMC councils, or a temporary transition ministry.

Chapter 9: Summary and Conclusion ends with the following observations. Theory and case examples discussed in this source book indicate that the process of making trade policy determines whether a nationally owned trade policy can be formulated and implemented. Countries without adequate mechanisms for inter-ministerial policy coordination run the risk of being ill prepared for the challenges of global trade. Effective and efficient inter-ministerial coordination ensures that the

## CHAPTER 9

decisions taken in trade related matters are based on informed preparation and optimal inclusion of sector specific know-how.

Whatever the structure decided upon, there should be a formal component and a convening agency to oversee the process of inter-ministerial policy coordination. Without such appropriate structures and without adequate coordination mechanisms, a government is prone to deficient decision making and paralysis of policy implementation. In other words, capacity building for trade development means developing and maintaining effective and efficient inter-ministerial policy coordination.

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## ANNEX 1: ANNOTATED BIBLIOGRAPHY

*Legend:* publications selected and annotated are relevant for researchers interested in conducting further studies on Inter-ministerial Policy Coordination in trade policy making or policy making in general.

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Publications	Keywords
<p>Badjun, M. (2005) 'Governance and Public Administration in the Context of Croatian Accession to the EU', Available from:  <a href="http://pdc.ceu.hu/archive/00002365/01/Badjun.pdf">http://pdc.ceu.hu/archive/00002365/01/Badjun.pdf</a></p>	<p>Governance, public administration, institutions, government, economic development, EU accession</p>
<p>This paper analyses the quality of governance and public administration as key determinants for successful integration into the European Union. It provides a comparison between Croatia and the existing and future EU members based on separate governance indicators (rule of law, democracy, corruption, political stability, and government effectiveness) and on the status of public administration reform.</p> <p>The paper does not specifically deal with inter-agency coordination, but it emphasizes the importance of efficient governance for successful induction into the EU, as well as for the subsequent meaningful participation of a country in the complex Community system.</p> <p><i>“There is no single document that states what the governance of future member states should be like. However, the EU constantly lays stress on the importance of democracy and the rule of law (the first Copenhagen criteria) and these are also elements for the evaluation of the quality of governance. To strengthen these, EU proposes the following principles:</i></p> <ul style="list-style-type: none"> <li>– openness in communications with the public and transparency;</li> <li>– more vigorous involvement of the public in the running of policies;</li> <li>– increased accountability of those in charge of policies;</li> <li>– effectiveness in the execution of policies;</li> <li>– harmonization of all measures of policies and levels of government so as to achieve consistency” (p.5).</li> </ul> <p>The paper describes the current state of affairs in the organization and operation of public administration in Croatia. In terms of coordination, it states the following:</p> <p><i>“The Ministry of Justice, Administration and Local Self-Government is institutionally responsible for control of the enforcement of the regulations governing the organization and jurisdiction of the bodies of the government administration, but the impression is that there is not any adequately developed culture for surveillance and assessment of public administration at all levels. As for the organization, there is clearly too large a number of ministries (19) and there is some overlapping of responsibilities. Merging and reviewing of the functions of some of the bodies of public administration are necessary” (p.151).</i></p>	

<p>Although the author clearly recognizes how important organization and harmonization of government agencies and ministries is for EU integration and how important participation is to successfully proceed, she unfortunately fails to reflect upon this in her final recommendations. As a result, the recommendations focus more on other aspects of good and effective governance, such as debureaucratisation and depoliticisation of the administration, monitoring of the quality of governance, education and training, strengthening of the rule of law, opening to the public, etc. They do not mention the need for improvements in the procedural and coordinative roles of the state's administrative bodies.</p>	
<p>Bakvis, H. and Juillet, L. (2004) "The Strategic Management of Horizontal Issues: Lessons in Interdepartmental Coordination in the Canadian Government". Paper presented to conference on "Smart Practices Toward Innovation in Public Management," University of British Columbia, Vancouver, Canada, June 16-17, 2004. Available from: <a href="http://faculty.arts.ubc.ca/campbell/sog-conf/papers/sog2004-bakvis-juillet.pdf">http://faculty.arts.ubc.ca/campbell/sog-conf/papers/sog2004-bakvis-juillet.pdf</a></p>	<p>Strategic management, horizontal issues, interdepartmental coordination</p>
<p>The aim of this paper is to analyse interdepartmental coordination in the Canadian government focusing upon central agencies that "<i>launch, implement and support horizontal initiatives</i>". The authors emphasize the role of central agencies both in the design of structures responsible for management of horizontal issues and "<i>leadership exercised throughout the life cycle of any given horizontal initiative</i>".</p> <p>Bakvis and Juillet begin their work with the trends, objectives and instruments of interdepartmental coordination. They distinguish three types of instruments for interdepartmental coordination. The first instrument is based upon authority and includes "<i>cabinet-level decisions, organizing senior executive committees, mandate letters etc.</i>" The second instrument is based upon financial incentives such as "<i>performance agreements, pooled budgets, and joint reporting frameworks</i>". The last instrument includes information exchange. This can take the form of "<i>guides, interdepartmental committees and working groups</i>".</p> <p>Having described the theoretical framework, the authors present "<i>three recent cases of horizontality: the federal government's innovation strategy involving technological innovation as well as skills and learning development; the government's response to climate change and creation of the climate change</i></p>	

*secretariat; and the urban aboriginal strategy” (p. 1). They focus upon forces which drive horizontality, institutional options and design, the role of central agencies, and that of political leadership. The assessment of their success is based upon the perceptions of respondents from both central agencies and line departments.*

Bakvis and Juillet conclude the report, saying:

*Finally, through comments on the inability of some ministers to work together, it is clear that the restricted, even awkward, role of central agencies ultimately reflects the dilemmas faced by the political executive, specifically cabinet and cabinet committees, in handling horizontal agendas. In at least two of the cases examined in this study it was clear that there were serious conflicts between ministers on the objectives, management and ownership of horizontal projects. And in the case of complaints that departments were not being fully cooperative or were unwilling to support particular initiatives, some of this behavior may well reflect the preferences of ministers, cabinet and perhaps also the legislature. In other words it could be argued that in the absence not only political support but also political leadership, there is only so much that central agencies can do to support horizontal initiatives (p. 22).*

Bakvis, H. and Juillet, L. (2004) “The Horizontal Challenge: Line Departments, Central Agencies and Leadership”. Canada School of Public Service. Available from: [http://www.myschool-monecole.gc.ca/Research/publications/pdfs/hc\\_e.pdf](http://www.myschool-monecole.gc.ca/Research/publications/pdfs/hc_e.pdf)

Strategic management, horizontal issues, interdepartmental coordination, line departments

This paper explores the issues of horizontality in Canadian government. The study is based on four case studies. Six areas are examined in the report: the nature of horizontal governance, the forces driving horizontal practice, the cost and benefits of horizontal practice, tools and resources for managers working in a horizontal environment, the role of central agencies, and the issue of accountability.

The authors define horizontal management as: *“the coordination and management of a set of activities between two or more organizational units, where the units in question do not have hierarchical control over each and where the aim is to generate outcomes that can not be achieved by its working in isolation” (p. 8). They distinguish three types of horizontal initiatives: coordination, collaboration and partnership. Collaboration is different from coordination because it includes not only coordination, but also “developing, agreeing to and implementing a strategy for achieving set objectives.”*

Partnership, on the other hand, implies formalized arrangements to the level of *“legal contracts for deliverables and payment”*.

In their research, the authors analyzed the issue of horizontality based upon the following cases: the Innovation Strategy, the Urban Aboriginal Strategy, the Climate Change Secretariat, and the Vancouver Agreement. They obtained the following results from the survey they conducted:

- “Champions and catalysts” are extremely important for the success of both implementation and the management of horizontal initiatives.
- Very often the costs of working horizontally are underestimated. For example, people do not take into account the costs of “increased meeting time, reporting requirements, challenge of creating the shared vision and framework etc.” However, in many instances, it is not possible to implement the initiative without interdepartmental collaboration.
- Working horizontally may require new skill, new capacities (negation, communication skills)
- In spite of the fact that central agencies play the crucial role in large-scale horizontal initiatives, respondents were frustrated because central agencies in there case were unable to provide coherent and consistent leadership.
- Respondents were not satisfied with the dual nature of accountability in line departments.

The authors provide recommendations for central agencies in particular and in general for support of the process of horizontal work. With respect to central agencies, the authors suggest that there are three areas where improvements can be made:

- *mandate: providing more details on what departments are expected to do, particularly in terms of substance and expected outcomes.*
- *authority and reporting: clearly spelling out the authority with which departments, or new structures, are to be endowed.*
- *ongoing support.*

Ongoing support can, in turn, be strengthened by:

- *deeper policy expertise in central agencies so that officials, as well as relevant ministers from departments and agencies, can become more substantively engaged throughout the life of a project;*
- *strategic timing of funding to help motivate departments and ensure that results are consistent with the objectives of the initiative;*
- *accountability frameworks that reduce the paper burden and better reconcile horizontal and vertical reporting requirements; and*
- *a management culture that relies less on command and control and more on financial incentives, continual monitoring, and ongoing consultation and engagement. Performance reviews and agreements that more explicitly capture the need to work horizontally could also go some way towards initiating a culture shift (p. 3).*

<p>Finally, the authors present recommendations for line departments:</p> <ul style="list-style-type: none"> <li>– <i>develop accountability regimes that better facilitate horizontal practices between departments;</i></li> <li>– <i>choose horizontal projects carefully and strategically;</i></li> <li>– <i>recruit staff with ‘horizontal skills’ (e.g. financial management, mediation and negotiation skills, creativity, patience) and nurture these skills in others; and</i></li> <li>– <i>creating a special unit within the departments tasked with supporting horizontality through training, advice, good practices and the promotion of a horizontal culture (p. 4).</i></li> </ul>	
<p>Baracol, D.C. (2006) ‘Philippines: Stakeholder Participation in Agricultural Policy Formation’, case study published by the WTO in the book ‘Managing the Challenges of WTO Participation: Case Studies’<sup>1</sup> Available from: <a href="http://www.wto.org/english/res_e/booksp_e/casestudies_e/case36_e.htm">http://www.wto.org/english/res_e/booksp_e/casestudies_e/case36_e.htm</a></p>	<p>Agriculture negotiations, trade policy-making, consultations, participation, negotiating strategy</p>
<p>This study describes the process of policy-making in the Philippines with regard to their participation in the WTO (World Trade Organization) agriculture negotiations. The process was created after the enormous public dissatisfaction with the outcome of the Uruguay Round trade negotiations which proved to be disastrous for Philippine agriculture. The main reason for the failure was identified as being the lack of proper consultation with all of the interested stakeholders. This resulted in “...<i>serious disconnection between the government negotiating position and the complex realities in the field.</i>”</p> <p>To avoid a recurrence of this, the Philippines established the Task Force on WTO Agreement on Agriculture (Re) negotiations (TF-WAR), in preparation for the new round of trade negotiations in agriculture scheduled to start in 2000 through a Special Order. The TF-WAR was created with a twofold objective: (1) provide broader participation and input from the business sector into the policy-making process and (2) serve as a forum for consultations between all stakeholders affected by the negotiating decisions. Its membership included various business and non-governmental associations and government agencies involved in agricultural policy creation.</p>	

<sup>1</sup> The case study was provided on the Internet as an HTML document, without page numbers, which enabled page references for citations.

*“The main responsibility of the TF-WAR was to consider, develop, evaluate and recommend Philippine negotiating positions and strategies for the new round of negotiations.” “The TF-WAR reports to the DA [Department of Agriculture] Secretary, and is chaired by the DA Assistant Secretary for Policy and Planning. An elected private-sector representative serves as vice-chair. The decision on the final composition of the TF-WAR was a collective decision of the body.”*

With the start of the Doha Development Agenda and the demands imposed by the expansion of the negotiating program, TF-WAR was reorganized on several occasions making it more functional, operative and efficient. However, establishing the TF-WAR core group was the main step made to improve the process.

*“The TF-WAR core group was formed to improve technical and policy work to support the TF-WAR, and to enable a quick response to developments in the negotiations, expected to become more intensive as the talks progressed.”*

In short, in the process of formulating the Philippine negotiating position with respect to agriculture the following steps were taken :

*“Any new work by the TF-WAR begins with a specific development in the WTO agriculture negotiations. The Agriculture Office of the DA in Geneva regularly transmits developments in the negotiations to the TF-WAR. This, together with the reports by the DA Assistant Secretary for Policy and Planning, who is both the capital-based negotiator as well as the chair of the TF-WAR, of results of special negotiating sessions in Geneva, is the basis for the continuing work of the TF-WAR. The capital-based negotiator plays a pivotal role in the negotiations, being the link between the internal process and the external process.”*

*“After an assessment of these developments by the TF-WAR, further work is passed on to the core group, whose recommendations go back to the bigger group for evaluation and approval. These are then formally confirmed by the chair of the TF-WAR to the DA Secretary for transmittal to the Cabinet Trade and Related Matters (TRM) Committee or, in the case of specific positions within established negotiating mandates, to the Geneva-based negotiators. Discussion on recommendations or issues brought to the TRM is reported back to the TF-WAR.”*

*“The agriculture negotiating team is guided by a negotiating mandate developed with the TF-WAR and with clearance from the president. Issues within the mandate and clearance level of Geneva-based staff are merely reported back to the capital. Meanwhile, issues needing clearance at the level of the DA senior official are transmitted to the capital for a decision. The core group is convened at short notice and the issue(s) evaluated. Cleared*

<p><i>instructions and alternatives are then issued to Geneva. For major issues that require a political decision, the issue is transmitted to the capital for evaluation and recommendation by the core group and the entire TF-WAR membership and for a final clearance and mandate by the Secretary. Ministerial Conference mandates are obtained through a further route to the cabinet TRM and the president.”</i></p> <p>There is no doubt that the TF-WAR and its core group significantly improved the process of trade policy-making in the area of agriculture. It enabled the enactment of credible and transparent decisions based on a broad stakeholder consensus. This fact was immediately reflected in the Philippines’ position on international trade. Although it had, in the past, passively accepted the decisions made by a selected number of negotiators in the ‘green room’, it was now in an “...indefinitely better position to influence the negotiations in accordance with its national interests.”</p>	
<p>BearingPoint (2004). Trade Policy Formulation and WTO Conformity Assessment of Georgia. Virginia. Available at: <a href="http://www.gegi.ge/files/111_375_271534_C-5-1.pdf">http://www.gegi.ge/files/111_375_271534_C-5-1.pdf</a>.</p>	<p>Inter-ministerial cooperation, trade policy formulation/making process, commercial diplomacy, institutional analysis and needs.</p>
<p><i>“The first part of the report addresses the creation of a process by which Georgia can move toward the implementation and codification of a coherent trade policy consistent with advancing its bilateral and regional trade interests and moving toward full implementation of its WTO obligations. The second part discusses specific ministries and issues relevant for Georgia to move toward full WTO compliance.” (p. 2)</i></p> <p>For this report, interviews were conducted with ministries and governmental institutions responsible for various aspects of Georgia’s WTO obligations, along with some donor organizations.</p> <p>The report addresses some of the failures of the Georgian government in achieving internal coordination, such as placing “<i>disproportionate emphasis on having the right policies developed and implemented without any attention being paid to the process by which such policies are identified and adopted</i>” (p. 3), or “<i>a tendency to compartmentalize trade-related activities being undertaken in the various ministries</i>” (p. 4), or the lack of competence among government officials, etc. It provides some institutional analysis and has identified their needs. Several ministries and agencies (e.g. Ministry of Agricultural and Food, Custom Administrations, etc.) have been discussed in further detail. Finally, recommendations for trade policy formulation and other technical issues are listed.</p>	

<p>Ben-Gera, M. (2005) ‘The Role of Ministries in the Policy System: Policy Development, Monitoring and Evaluation’, paper presented at the Regional Workshop on Roles and Responsibilities in the Policy System, Budva, Montenegro, SaM (1-2 November). Available from: <a href="http://www.oecd.org/dataoecd/47/60/35935430.doc">http://www.oecd.org/dataoecd/47/60/35935430.doc</a>.</p>	<p>Functions/ roles of ministries, policy-making process, rules of procedures, line functions, horizontal function, inter-ministerial consultations.</p>
<p>The focus of this paper is the role of ministries (and certain other administrative bodies) within the policy system and the functions they should perform in each step in the policy process. In chapter two of this paper, the policy-making process is broken up into 12 separate steps: 1) Definition of priorities, 2) Policy and legislative planning, 3) Preparation of policy proposals, 4) Preparation of legal drafts, 5) Inter-ministerial consultations, 6) Submission to Government Office, 7) Review by Government Office, 8) Review by Commissions, 9) Decision by Government, 10) Parliamentary process and passage, 11) Implementation, and 12) Monitoring and evaluation. Each of these steps is discussed by giving a general description of the step and the role of ministries respectively, followed by examples, and issues for discussion. Step 3 and 5 are particularly emphasized.</p> <p>This paper does not provide a specific discussion of the inter-ministerial trade policy-making processes, but it does provide a clear breakdown of the role of the ministries at various stages in general policy-making.</p> <p>SIGMA prepared this paper by asking members of the EU Member States to provide information on how their ministries participated in the policy process. Responses were received from Austria, Czech Republic, Germany, Hungary, Poland, Slovakia, Slovenia, and Spain. Examples from their responses are presented where possible and relevant.</p> <p>Extract from section 2.3: Preparation of policy proposals  <i>“What seems clear from some of the papers prepared for Sigma by the eight countries is that the role of the legal unit in the policy process is often inconsistent and may vary from ministry to ministry in the same country. Its role seems to depend on the relative strength of the legal unit and the sectoral departments, as well as on the working style of the state secretary in the ministry and on tradition. It is important to note that none of the eight countries has a central unit with expertise in policy analysis or impact assessment that could serve as a resource for the whole ministry. Sigma’s assessments of policy-making and coordination capacities of EU candidate countries of Central and Eastern Europe and of Western Balkan countries over the past few years have</i></p>	

*repeatedly found that policy-development skills and habits are not well developed in the ministries of these countries. As there appears to be no tradition of policy development, together with an insufficient recognition of its importance, ministries tend to proceed almost directly to the drafting of legislation without sufficient prior analysis” (pp. 11-12).*

Extract from section 2.5: Inter-ministerial consultations

*“In most Western countries, consultations are required not only for legal drafts but for all policy items on the agenda of government meetings. This is not always the case in Central and eastern European and Western Balkan countries, where inter-ministerial consultations focus only on legal drafts, and usually at a very late stage in their development. This approach is often inadequate for ensuring serious inter-ministerial considerations on the policy’s substance. Consultations on fully elaborated drafts usually take place too late, are too formal to provide an opportunity for in-depth discussion, and tend to focus on marginal drafting details. When this is the case, the main objective of inter-ministerial consultation, which is to improve the substance of policy, is not really achieved” (p. 17).*

Ben-Gera, M. (2004), ‘Coordination at the Centre of Government: The Functions and Organization of the Government Office’, Sigma Paper No. 35. OECD. Available from: [http://appli1.oecd.org/olis/2004doc.nsf/43bb6130e5e86e5fc12569fa005d004c/4e94aab94a3e9cb3c1256f0a005a3e5d/\\$FILE/JT00168881.PDF](http://appli1.oecd.org/olis/2004doc.nsf/43bb6130e5e86e5fc12569fa005d004c/4e94aab94a3e9cb3c1256f0a005a3e5d/$FILE/JT00168881.PDF).

Coordination capacity, policy coherence, inter-ministerial coordination

This paper, although not specifically tackling inter-ministerial trade-related coordination, provides a thorough analysis of the functions of ‘Government Office’ (see definition in the executive summary) along eight dimensions of coordination. The suggested reforms for policy and planning capacities and for improvement of policy coherence should shed some light on trade policy planning in transitional countries. *“The target audience for this publication is primarily government offices/secretariats in Western Balkan countries, but the publication could prove useful to other transition countries currently in the process of improving their policy coordination capacities” (p. 5).*

Following is an extract from the Executive Summary (p. 6):

*A well-functioning government office acts as a co-ordinator of the decision-making system and as such is crucial for the government’s capacity to define and pursue its collective objectives.*

*The “Government Office” is a generic term that refers to the institution(s) at the centre of government responsible for supporting the Prime Minister and serving the Council of Ministers as a collective decision-making body. This paper describes and analyses the functions and organization of government offices in a comparative context, covering OECD member countries, central and eastern European countries (CEECs), and countries of the Western Balkans (ex-Yugoslavia and Albania). The analysis is based on information gathered by Sigma and GOV (PUMA) 1 since the mid 1990’s, supplemented by results of a written questionnaire administered by Sigma and GOV in 2003.*

*Functions:*

*The complexity of modern government – both in terms of subject matter and in terms of organization – necessitates a focal point for coordination. This is the main responsibility of the Government Office. The Government Office is primarily a co-ordinating body, whose main job is to make the diverse activities of individual ministries and agencies work effectively and coherently. Within this framework, the paper analyses and compares the functions of the Government Office in the various countries along eight dimensions of coordination:*

- Coordination of the preparation of the sessions of the Council of Ministers, including the preparation of the agenda and the distribution of material to participants;*
- Coordination of activities to ensure legal conformity, including conformity of legal drafts with the Constitution and with the existing body of law;*
- Coordination of the preparation and approval of the government’s strategic priorities and work programme, and of ensuring their link to the budget;*
- Coordination of the policy content of proposals for decision by the Council of Ministers, including defining the process of policy preparation by ministries, inter-ministerial coordination, and the fit of proposals with each other and with the government’s priorities;*
- Coordination of the government’s communications activities to ensure the coherence of the government message, and effective timing and content of ministerial messages;*
- Coordination of the monitoring of government performance to ensure that the government collectively performs effectively and keeps its promises to the public;*
- Coordination of relations between the government and other parts of the state (President, Parliament); and*
- Coordination of specific horizontal strategic priorities, such as public administration reform, European integration, or inter-governmental relations in federations.*

*The analysis shows that the majority of Government Offices perform most of these tasks. In the past decade, the Government Offices in CEECs have become more and more similar in functional terms to the Government Offices in OECD countries. In general, Government Offices in Western Balkan countries lag*

<i>behind in the performance of some functions, especially those related to planning and policy coordination.</i>	
Ben-Gera, M., Finn, B., Freibert, A., James, S. and Mayhew, A. (2001), 'Improving Policy Instruments through Impact Assessment', Sigma Paper No.31.OECD. Available from: <a href="http://appli1.oecd.org/olis/2001doc.nsf/43bb6130e5e86e5fc12569fa005d004c/c1256985004c66e3c1256a4f004b5bd4/\$FILE/JT00107877.PDF">http://appli1.oecd.org/olis/2001doc.nsf/43bb6130e5e86e5fc12569fa005d004c/c1256985004c66e3c1256a4f004b5bd4/\$FILE/JT00107877.PDF</a> .	Impact assessment, consultation, institution building, policy development
<p>“This publication deals with impact assessment in a wide sense, including policy analysis (impact assessment for choosing the instrument), assessment of a policy instrument during the drafting stage and evaluation of existing laws or programmes. Special emphasis is given to impact assessment during drafting” (p.3).</p> <p>The whole Executive Summary (p. 4) is included here: Under pressure to bring their regulatory systems into line with the <i>acquis communautaire</i>, while addressing many other problems, CEE governments run the risk of introducing sub-optimal laws and regulations.</p> <p>This can mean that legal norms:</p> <ul style="list-style-type: none"> <li>– cannot be implemented because institutional capacities are not up to the task, or sufficient budget funds are not available;</li> <li>– impose unnecessary costs on society or the economy leading to loss of competitiveness;</li> <li>– are not judicable because of the quality of legal drafting or the capacity of the justice system;</li> <li>– open up opportunities for abuse and corruption;</li> <li>– introduce bias in favour of certain actors; or</li> <li>– simply do not achieve their goals.</li> </ul> <p>How can such dangers be avoided? In many countries of the Union, policy capacities have been improved to reduce risks. One of the steps taken was to introduce impact assessment and to embed it in the institutional setting where policies are developed and laws and regulations are drafted. A new system aimed at simplifying the regulatory environment in the Union is currently being introduced at the European Commission.</p> <p>Impact assessment is designed to improve the quality of information available to decision-makers. Clearly, political decisions are influenced by more than “professional” information. However, it is important that politicians fully</p>	

understand the consequences, e.g. the costs, benefits and distributional effects of their decisions. That is the contribution of impact assessment.

Typically, decisions made in the 'policy cycle' are:

- identification of the best way of tackling a problem (choice of the appropriate policy instrument);
- design of the instrument;
- evaluation of the performance of the instrument.

In each phase of the policy cycle Impact Assessment provides information to help make better decisions. The cost of a bad law to the economy and the budget is usually far greater than the cost of a few trained staff to carry out a proper assessment of legal projects. This publication is a guide for technical staff on impact assessment. But, unless Ministers are supportive of the work, techniques will not improve the situation.

*The urgent message of this paper is that ministers should encourage the use of impact assessment by writing it into governmental decision procedures, providing resources and demanding quality information from their staffs before taking decisions.*

The publication comprises four chapters, an annex and a bibliography. The first chapter offers a general overview of impact assessment in the different stages of the development of policy instruments. It presents the rationale, the objectives, and the main issues requiring consideration in order to obtain a comprehensive view of the possible impacts of the policy instrument. It includes the "ten best practices" identified by the OECD and the regulatory quality checklist, which is included in the Recommendation on Improving the Quality of Government Regulations, adopted by the OECD Council in 1995.

The second chapter deals specifically with the assessment of budgetary and overall economic impacts, as these are clearly of predominant concern for central and eastern European countries. Besides the methodology, it offers some information about the techniques used.

The third chapter discusses consultation as a means to ease and improve impact assessment. It is not intended to comprehensively cover consultation, e.g. as a means to increase transparency or acceptance.

Finally, the fourth chapter is devoted to the use of impact assessment in the accession process. As accession to the European Union is a predominant topic in central and eastern European countries, it seemed adequate to point out how impact assessment could improve this process and how it could be used after becoming a Member.

The annex includes an example of a guideline on impact assessment, taken from

<p>the General Working Rules of the Government of the Palatinate, Germany. The bibliography contains references, useful guidelines and some related Internet links.</p>	
<p>Beuselinck E. and Verhoest K. (2005). "Patterns of coordination in OECD-public organizations: towards an understanding of underlying causes". 21st EGOS-Colloquium: Unlocking Organizations. Berlin, Germany. 24 p. Available from: <a href="http://soc.kuleuven.be/io/pubpdf/IO02060018_coordination_050601.pdf">http://soc.kuleuven.be/io/pubpdf/IO02060018_coordination_050601.pdf</a></p>	<p>Coordination, OECD countries, public organizations</p>
<p>This paper was prepared for the conference entitled <i>21st EGOS-Colloquium: Unlocking Organizations</i> and which was held in Berlin in 2005. It considers the patterns of coordination in OECD public organizations. The authors construct theoretical frameworks and use empirical illustrations to explain the choice of coordination mechanisms among OECD countries.</p> <p>Beuselinck and Verhoest begin the paper by providing conceptual frameworks for coordination. They distinguish three mechanisms of coordination, which are common in public administration literature:<sup>2</sup> "hierarchy-type mechanisms, market-type mechanisms, and network-type mechanisms".</p> <p>What is new in their work is a 'pluralistic' theoretical approach to revealing the forces driving change and convergence in the use of coordination mechanisms. The authors employ historical neo-institutionalism, sociological neo-institutionalism, rational choice neo-institutionalism, and contingency theories.</p> <p>Historical neo-institutionalism claims that outcomes for individuals are shaped by structural and institutional factors that go beyond individual calculation and control. With respect to coordination mechanisms, the following factors should be taken into account: political-administrative structure, culture and values, path dependency and resourceful actors.</p> <p>Sociological neo-institutionalism "<i>provides institutions with even more dominant role than historical neo-institutionalism and considers the impact of institutions on organizations and individual actors as far reaching</i>" (p. 7). In</p>	

<sup>2</sup> See, for example, Koen, V., Peters, G., Beuselinck E., Meyers F. and Bouckaert, G. (2005) "How coordination and control of public organizations by government interrelate: an analytical and empirical exploration." SCANCOR/SOG. Stanford University. April,1-2 2005. 36 p.

this theory the relationship between organizations and their environments (*“boundaries of industries, professions or national societies”*) are very important. Beuselinck and Verhoest identify the following predictors of homogenization of the coordination mechanisms used: *“regulations, pushing coordination into specific direction, spread of a certain ideology and presence of uncertainty”* (p. 7).

Rational choice neo-institutionalism focuses on rational, strategic actions of individuals, which should lead to efficiency. This theory *“encompasses three major approaches: the property rights approach, the transaction cost approach and principal-agent approach”* (p. 12). Taking into account elements of this theory, the authors highlight the following elements which are important for analyzing dimensions of coordination mechanisms: *“legal and administrative settings, formal institutional arrangements, information demand, opportunistic behavior, uncertainty, social ties between actors...”* (p. 15).

The last theory considered is the contingency theory. This theory states that *“organizational effectiveness results from fitting characteristics of the organization”* (p. 15). Taking this into account, it is possible to distinguish such determinants of coordination mechanisms as: *“nature of the primary task, political salience of tasks, budget weight, and number of agencies”* (p. 16).

In summary, this research can be used as a basis for a systematic analysis of how these *“identified determinants interact and determine the adoption of new coordination mechanisms at the level of central government in OECD countries”* (p. 21).

Blondel, J., Malova, D. (2005) ‘The Process of Decision-Making in Cabinets in East-Central and South-eastern Europe since 1990: A Successful Equilibrium?’, paper prepared for the Joint Sessions of Workshops, Workshop No 10: The Process of Decision-Making in Cabinets in Central-Eastern and Southern Europe, Uppsala, Sweden (13 – 18 April). Available from: <http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/uppsala/ws10/Blondel.pdf>

Decision-making, cabinet, government committees, government secretariat, streamlining

The main purpose of this paper is to analyse the decision-making processes in Central and East European countries after more than ten years of transition. Its

aim is to document the way in which the respective cabinets have operated and to contribute to the construction of a general model of decision-making which has yet to be built in this area.

The authors argue that the cabinet system in these countries could function satisfactorily if they would only provide an equilibrium between the “*two opposite requirements [of cabinet government], those of representativeness and of efficiency*” (p. 2). The representativeness imposes a general rule, that is that the decision-making process “*is in the hands of the whole cabinet*” (p.3), which means that decisions are made in a ‘collective’ or at least ‘collegial’ manner. However, “*since representativeness entails “togetherness” in decision-making, decisions are likely to be taken only after substantial discussions*” (p.3), which goes directly against the efficiency of the whole process. The compromise between the two opposite, yet equally important requirements is the development of various methods for ‘streamlining’ the decision-making process.

The authors consider this paper a useful framework for investigating the “*manner in which “streamlining” is contributing to the limitation of the representative and collective decision-making in East Central and South-eastern European cabinets*” (p.6). In addition to dealing with some of the most relevant streamlining measures elaborated below, the paper also deals with the role and influence of various groups of governmental stakeholders in the implementation of the process of streamlining.

For comparative purposes, the paper elaborates upon two of the procedural arrangements that have significantly contributed to the streamlining of cabinet decision-making in Western European countries:

- The multiplication of the number of cabinet committees whose main function was to “*... study the policy proposals coming from the departments, to come to an agreement, at least in principle, on these proposals and thus to solve potential conflicts before items come to the cabinet meeting*” (p. 7).
- The establishment of a cabinet secretariat. The general goal of a secretariat is to regulate and co-ordinate all incoming and outgoing cabinet activities, such as preparing a cabinet meeting agenda, making sure that it includes only issues that have previously been agreed at the respective committee meetings, and following the implementation of cabinet decisions by various departments.

The paper subsequently deals with the manner and success with which the above described procedural improvements have been introduced into cabinet operations of CE and SEE countries. It concludes that similar measures (cabinet committees and secretariat) have been developed in virtually every country and that, mostly due to advice and pressure by international organizations, it was done impressively quickly. It points out, however, that the real effect of the existence of these measures, i.e., whether or not they contributed to efficient streamlining of the cabinet decision-making, must as yet be assessed through

<p>detailed research on the practical effects of the measures in the daily operations of these cabinets.</p> <p>Although this paper does not explicitly deal with trade policy-making and coordination, it provides discussion on general policy-making within Central and Southeast European cabinets. Streamlining and efficiency of cabinet decision-making is as relevant to trade policy effectiveness as it is to any other government policy.</p>	
<p>Brandsen, T., Boogers M. and Tops P. (2006) "Soft Governance, Hard Consequences: The Ambiguous Status of Unofficial Guidelines". Public Administration Review.</p>	<p>Soft governance, policy implementation, public services</p>
<p>This paper presents an approach to policy implementation called soft governance. Its gist is that one should rely on informal guidelines rather than on hierarchies in relationships between the central government and local organizations. The authors consider this method to be effective for improving the quality of public services. However, this method has its pitfalls, which are considered along with suggestions for how to overcome them. The concept of soft governance is illustrated with an analysis of disaster management in the Netherlands.</p> <p>The authors claim that soft governance is efficient for the following reasons. Firstly, unofficial guidelines do not require the alteration of the existing regulatory framework, something that will create financial, political and administrative burdens. Secondly, because of its non-binding nature, soft governance leaves room for innovation, which if "<i>successful, can later be picked up and disseminated among the field at large</i>" (p. 546).</p> <p>There are four possible options for carrying out the quality improvement process. The first option, which is the least desirable, is called "<i>inertia</i>". In this option, local authorities do not have the capacity or will to change and central government does not force them to do so. The second option, called 'bureaucracy', implies that local authorities just need to follow rules without taking any initiative. This option is better than the first, but is still inadequate, as local authorities may need to "<i>improvise, especially when local conditions call for deviation from central guidelines – a very realistic possibility given ...messy nature of disaster management</i>" (p. 547). The third option, in contrast to the second one, implies that local authorities can develop everything themselves without any imposition of rules from the centre of government. This option is called '<i>enclavism</i>' and is not appropriate because local authorities are not held accountable for the quality of services. The last and the best option is called</p>	

'*synergy*'. This option implies that standards are imposed centrally but local authorities are free to develop new practices that can be transformed into national standards if they are efficient.

The '*synergy*' option, in which standards are imposed centrally and local authorities are free to improve, may seem to contain a contradiction. However, an important detail here is that the central guidelines are unofficial. This means that local authorities may deviate from the guidelines if they can provide good reasons for this. Moreover, successful initiatives may also be spread around among other local organizations.

It is important to note that realization of the '*synergy*' option depends upon how local authorities treat unofficial guidelines. If they believe they may deviate from these guidelines without sanction, the '*synergy*' option can be realisable. The authors support this using the examples of disaster management in the Netherlands.

Potential solutions for avoiding 'blind' adherence to central instructions are provided at the end of the article. The first solution for this is to ensure the clear commitment of local authorities to quality standards. By setting down and approving such standards annually, decision-making bodies can achieve this. The quality of standards will act as a frame of reference for the accountability of local organizations.

The second solution is related to those who despatch unofficial guidelines. The authors suggest that, if possible, unofficial guidelines should be issued by non-governmental organizations, specifically, "*by independent centers of expertise and professional associations*" (p. 553). However, shifting this function to the private sector must be done very carefully by "*embedding it firmly into the overall system of governance*".

In summary, the concept of soft governance is a useful tool for policy implementation, but there are several inherited weaknesses to it which should be taken into account and tackled very carefully to ensure its long term potential for innovation and improvement of quality standards.

<p>Brautigam, D. (1991) ‘Governance and Economy: a Review’, World Bank Policy Research Paper No. 815. Available from:  <a href="http://econ.worldbank.org/external/default/main?pagePK=64165259&amp;theSitePK=469372&amp;piPK=64165421&amp;menuPK=64166093&amp;entityID=000009265_3961002050636">http://econ.worldbank.org/external/default/main?pagePK=64165259&amp;theSitePK=469372&amp;piPK=64165421&amp;menuPK=64166093&amp;entityID=000009265_3961002050636</a></p>	<p>Development management, institutional economics, governance, rule of law, economic performance</p>
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In this paper, the author has reviewed the literature on “*political science, development management, and institutional economics*. The paper provides for “*clearer understanding of the links between development and governance, specifically accountability, (including institutional pluralism and participation)*”; openness and predictability, or the rule of law. The author found “*some support for a positive link between economic performance and these variables of governance*”. Although the author recognizes that “*it has been difficult in this review to draw a correlation between governance and economic performance with any degree of precision*”. Nevertheless, the author drew some conclusions that are of broader interest to our research.

Some of the author’s conclusions concern the law and regulatory procedures: “*Arbitrary law enforcement and failure to uphold the constitution – the law – lead to unpredictability, instability, and a poor climate for growth. Thus, well-specified property rights and enforceable contracts – the rule of law – are clearly economic development issues and should be recognized as such. The failure of accountability, combined with opaque and highly discretionary regulatory procedures, can provide greater opportunities for economic corruption and waste*” (p. 39). This review also finds that “*research attempting to correlate economic performance to governance variables must necessarily use a relatively short time frame*”. It also provides “*other important lessons for those interested in the technical aspects of better governance*” (p.39). Some of the author’s conclusions relate to a broader understanding of the issues covered by our research and deal with different aspects of institutional settings and factors. “*Institutional economists examine the very long-term conditions under which the institutions that underpin both market and state actions are formed. They also can help explain why different policies, such as those suggested in structural reform packages, lead to such different and seemingly unpredictable results: although outwardly the new rules may seem the same in two countries, the institutions that underpin economic responses – local enforcement, behavioral norms, organizational forms and interests, and property rights – all differ, and changes in institutions, particularly in informal institutions, occur very slowly*” (pp. 40-41). This paper also provides “*the elements of a framework, or viewing relations between politics and economics over the long*

<p><i>term</i>". The paper "<i>indicates that models and plans will work differently in each country, depending on its institutional base</i>" (p. 41). The author also concludes that "<i>more research needs to be done on country-specific institutional evolution</i>" in order to understand better the likely results of policy changes (p. 41).</p>	
<p>Campos, N. (2000) 'Context is Everything: Measuring Institutional Change in Transition Economies', World Bank Policy Research Paper No. 2269. Available from:  <a href="http://econ.worldbank.org/external/default/main?pagePK=64165259&amp;theSitePK=469372&amp;piPK=64165421&amp;menuPK=64166093&amp;entityID=000094946_00012505525167">http://econ.worldbank.org/external/default/main?pagePK=64165259&amp;theSitePK=469372&amp;piPK=64165421&amp;menuPK=64166093&amp;entityID=000094946_00012505525167</a></p>	<p>Institutional change, rule of law, governance.</p>
<p>In the <i>Summary Findings</i> in this paper, the author "<i>presents measures with which to map institution building during the transition from centrally planned to market economies. Data collection and indicators are measured in terms of five institutional dimensions of governance:</i></p> <ul style="list-style-type: none"> <li>– <i>Accountability of the executive</i></li> <li>– <i>Quality of the bureaucracy</i></li> <li>– <i>Rule of law</i></li> <li>– <i>Character of policy-making process</i></li> <li>– <i>Strength of civil society</i></li> </ul> <p><i>Campos highlights the differences over time between Central and Eastern European countries and those of the former Soviet Union</i>".</p> <p>Conclusions (pp. 22-23)</p> <p><i>"The objective of this paper was to put forward a set of measures to allow a first mapping of institutional building during the transition from centrally planned to a market economy. It used the concept of governance to guide the data collection and indicator construction efforts. The panel data set constructed for this paper does seem to allow a mapping of the process of institution building, and seems able to highlight differences in this respect over time and between Central and Eastern European and former Soviet Union countries. The rule of law is found to be the most important institutional dimension (in terms of its effects on per capita income and school enrolment), both for the sample as a whole and for its capacity to differentiate Central and Eastern European from the former Soviet Union countries. However, with respect to life expectancy, the quality of the bureaucracy plays the crucial role."</i></p>	

<p>It is important to note that the author considers “<i>A crucial suggestion for future research is that further improvement of the measures used for the institutional dimensions of governance is needed</i>” (p. 22). As the author also concludes, “<i>...one important message from these results is that institutions do change over time. In contrast with the rather pessimistic views of the path-dependency literature, this is a more encouraging finding in that institutions are by no means as immutable and unchangeable as that literature has suggested. This implies that the feasibility space for policy choices (in attempting to change institutions) may be much wider than often assumed</i>” (p. 23).</p>	
<p>Christensen, T. and Laegreid, P (2004) “The Fragmented State – the Challenges of Combining Efficiency, Institutional Norms and Democracy”. Working paper 3. Stein Rokkan Centre For Social Studies. Available from: <a href="http://www.ub.uib.no/elpub/rokkan/N/N03-04.pdf">http://www.ub.uib.no/elpub/rokkan/N/N03-04.pdf</a></p>	<p>Fragmented state, vertical and horizontal specification, New Public Management.</p>
<p>This work gives an analysis of the issues relating to the ‘fragmented state’ brought about by the reforms in public administration systems in many countries. These reforms were driven by the New Public Management (NPM) movement and led to increased fragmentation of integrated state structures. The authors consider the broad implications of NPM for democracy, political control and accountability and also take into account side effects such as political culture, ethical capital and corruption. At the end of the article, Christensen and Laegreid discuss the effects of the introduction of NPM reforms in transitional and developing countries.</p> <p>One of the sections of this paper describes the structural devolution which resulted from NPM reforms. This structural change has led to increased vertical and horizontal specialization. Vertical specialization or devolution implies a transfer of authority in the hierarchy. Horizontal devolution entails the separation of administrative functions within the same organization. All these changes make a state more fragmented. Increased fragmentation, in turn, “<i>undermines central political leadership and creates increased complexity and confusion</i>” (p. 18).</p> <p>The authors emphasize that increased fragmentation leads to problems with accountability. This is “<i>in-built inconsistency in NPM. The model is supposed to increase the influence of elected politicians over the bureaucracy, while at the same time reducing their responsibility for the bureaucracy’s actions</i>” (p. 19). In the old, integrated model, everyone feels they are ‘in the same boat’, while in fragmented states the gap between politicians and administrative leaders widens.</p>	

The authors present several strategies which political executives can apply to regain control. These are based up on examples from Norway and cases from other countries. Examples they give include: “...using the existing and reformed levers of control more actively ...proposing new reform programs ...exerting control by means of random intervention etc.”

The authors conclude their study by providing lessons and suggesting the implications all of this has for developing countries. One of the most important lessons is that the internal conditions of countries introducing NPM matter tremendously. According to Christensen and Laegreid:

*“Such societies lack a robust market sector, established mechanisms for enforcing contracts, managerial capacity provided by experienced and trained people and clear and transparent laws. In addition, the level of interpersonal trust and trust in governmental institutions is low, as is the ethical capital in the public sector”* (p. 24).

All of these factors call for several stages in the reform process. The first stage must include building up of managerial capacity, trust and experience. Only after this has been accomplished will it be possible to implement “agencification and autonomization”.

Christnacht, A. (2005) ‘Role of Ministries in the Policy Development and Evaluation: France’, paper presented at the Regional Workshop on Roles and Responsibilities in the Policy System, Budva, Montenegro, SaM (1-2 November). Available from: <http://www.oecd.org/dataoecd/59/25/35936020.pdf>.

Policy development, Inter-ministerial work, the Council of State and Parliament, Organization and management of the Ministry.

Mr Christnacht is the Councillor of State of the Council of State. This report discusses the role of French ministries in policy development. In the first section, the questions of when and what to suggest to the ministries are addressed. Inter-ministerial work processes are elaborated upon, beginning with the moment when the ministry in charge approves a proposal for a bill or decree prepared by the ministry right through to its passage for parliamentary discussions. In the second section, this paper discusses the role of ministries in policy implementation, monitoring and evaluation. In the last section, the paper outlines the structures of the ministries and briefly discusses some management issues related to them; examples include the ministry’s size. The paper suggests that a ministry with five departments is the size best suited to effective management under a secretary general or director of the cabinet (p. 8).

<p>Coen, D. and Grant, W. (2005) 'Business and Government in International Policymaking: The Transatlantic Business Dialogue as An Emerging Business Style?', in D. Kelly and W. Grant (eds.) <i>The Politics of International Trade in the Twenty-First Century. Actors, Issues and Regional Dynamics</i>, pp. 47-67. Basingstoke and New York: Palgrave Macmillan. Not available via Internet.</p>	<p>Trade negotiations, policy formulation, business-government forums, business alliances.</p>
<p>According to the authors, understanding of the issues relevant to business organization and their approach to the governmental policy-making bodies are essential, especially in terms of their implications for the further development and possible restructuring efforts by the governments wishing to facilitate and accommodate a dialogue with business on the issues relevant to the policy making process.</p> <p>This study focuses primarily upon state and intergovernmental negotiations within organizations such as the WTO and UNCTAD, where businesses are active players in trade discussions and negotiations on both national and global levels. This study describes “<i>what businesses seek from trade negotiations and how businesses are mobilized at the EU and US level to create complex advocacy coalitions with governments</i>” (p. 47).</p> <p>The study also “<i>assesses how far these alliances have converged at the international level via their dealings with international agencies and the emergence of new business-government forums</i>” and gives a detailed analysis of the Transatlantic Business Dialogue (TABD) and addresses issues such as the legitimacy and accountability of involvement by businesses in trade policy.</p> <p>The authors give an extensive picture of the business-government relations; they explain what the general goals of lobbying by the business community are. While “<i>recognizing that business input into the policy process has become the accepted norm</i>”, the authors specify just what European business-government and US business-government relations involve in order to “<i>better understand how firms [have] embedded themselves at the national, and [have] transposed themselves at the international levels</i>” (p. 49).</p> <p>Discussing EU and US’s experiences, the authors emphasize, “<i>in addition to the multi-institutional aspects to EU trade policy formulation, the European Commission cannot be seen as uniform in its goals, with several directorate generals involved in negotiations</i>”; hence, “<i>under these conditions, business has been encouraged at the European level to develop complex and shifting political</i></p>	

<p><i>alliances that follow the policy process ...” (p. 50). Thus, “institutionalization of big businesses in the policy process” has become a reality and is necessary. The authors also recognize the “importance of [businesses] participating directly in policy formulation and the negotiation process at a global level” (p. 52). They thus provide their overview of EU and US’s experiences in this area.</i></p> <p>The authors’ conclude by recognizing that “critics of the way in which contemporary international trade policy is made often see it as driven by the interests of large multinational companies of the kind represented in the TABD at the expense of least developed countries or the environment” (p. 64). They also state that “what is beyond question is that governments are increasingly dependent on large firms for fast and effective information and are willing to delegate public decision-making to private business forums” (p. 64). According to the authors, “accepting that many of the new private business forums are results driven organizations, business could conceivably become quickly dissatisfied with this new governance structure, if they fail to influence the policy process. Hence, advocates of these new public-private business forums do not want to see the dynamic policy process ossify into organizations that are all encompassing and rule-based” (p. 65).</p>	
<p>Conseil fédéral (2005). <i>Rapport sur la politique économique extérieure 2004 et Message concernant des accords économiques internationaux.</i> Available at: <a href="http://www.seco.admin.ch/imperia/md/content/publikationenundformulare/studienundberichte/awb_2004_f.pdf">http://www.seco.admin.ch/imperia/md/content/publikationenundformulare/studienundberichte/awb_2004_f.pdf</a></p>	<p>Federal Government of Switzerland, external trade policy.</p>
<p>Each year, this report by the Swiss Federal Council (government) is based upon the law on external economic affairs. For the first time, the report issued on the 12<sup>th</sup> of January 2005 includes a general strategy for external economic policy.</p> <p>The introductory chapter addresses the strategic dimensions of Switzerland’s external economic policy for the coming years. The report also reviews the political, economic activities of 2004 on a multilateral, bilateral and autonomous level (chapter 2 to 7 and annexes 8.1.2 and 8.1.3). Finally two political ‘messages’ concerning international economic agreements are annexed (chapter 8.2.1 and 8.2.2).</p> <p>These reports were prepared by the State Secretariat for Economic Affairs (Seco). The other relevant organs within the federal administration were involved in them via an office consultation procedure and co-reporting procedure (see the law on the federal administration and organization). Aiming to improve the representation of its interests abroad, in its objectives of 2006,</p>	

<p>the Federal Council decided to create two new instruments for better coordination of its foreign policy: (i) strategy papers regarding special states and groups of states and (ii) common sectoral foreign policy objectives among the Department of Foreign Affairs and other departments.</p>	
<p>Craciun, C. (2005) 'The Learning Government: Assessing Policy Making Reform in Romania'. Available from: <a href="http://pdc.ceu.hu/archive/00002856/01/craciun.pdf">http://pdc.ceu.hu/archive/00002856/01/craciun.pdf</a></p>	<p>Policymaking reforms, institutional capacity, institutional building.</p>
<p>In assessing crosscutting policymaking reforms in Romania in this paper, Craciun has explored "<i>the factors behind the success of policy transfer and institutional building sponsored by key external stakeholders</i>" (<i>Executive Summary</i>). According to him, "<i>the institutional development envisaged is significant and can greatly affect Romania's credibility, stability and development in the medium and long term</i>". On the basis of an analysis of core documents which augmented the policy reform debate and a review of several cases of technical assistance projects developed within Romania's central administration, the author concludes that if policymaking reform is not "<i>properly designed and implemented policymaking, it has little chance of transforming profound institutional and cultural constructs</i>".</p> <p>According to the author, "<i>for success it is necessary to stress the synergy of action between the public sector, civil society, private sector and international actors with an emphasis on the capacity of Romanian institutions to properly manage their own consolidation and capacity building</i>". The author pays special attention to technical assistance programs arguing that they "<i>have to become more flexible and more orientated towards long term institutional capacity building</i>".</p> <p>The author finds that "<i>... in Romania, policymaking reform encouraged the inclusion of New Public Management (NPM) in public administration reform. These included stressing the importance of good planning across government, proper policy analysis to inform decision making, inter-agency functional cooperation and extensive public consultation. Yet, a functional and modern policymaking system can only work if it is supported by proper institutional arrangements, which do not seem to be in place in Romania</i>" (p. 4).</p> <p>In terms of internal governmental coordination he finds that "<i>the ministries do not share a culture of cooperation, preferring to maintain an adversarial attitude. Inter-ministerial bodies have tended to function poorly, characterized by their large number, diffuse responsibilities and lack of real output</i>" (p. 5). He also notes that "<i>the responsibilities for coordinating important horizontal functions across government (including reforms) are split. The coordination of</i></p>	

*EU affairs is done at Prime Minister level, while the bulk of EU integration activity is divided between the Ministry of European Integration, the Ministry of Foreign Affairs and the Ministry of Public Finances (p. 5).*

The author concludes that *“the large majority of observers seem to agree that the Romanian policymaking system displays all the typical pathologies of weak governance, with particular emphasis being on the lack of institutional capacity to manage the policy/regulatory process” (p. 6).*

Di Francesco, M. (2001) “Process not Outcomes in New Public Management? ‘Policy Coherence’ in Australian Government”. An Australian Review of Public Affairs. Volume 1, number 3, pp. 103-116. School of Economics and Political Science, University of Sydney. Available from: : [http://www.australianreview.net/journal/v1/n3/difrancesco.pdf#search=%22Di%20Francesco%2C%20M.%20\(2001\)%20Process%20not%20%22](http://www.australianreview.net/journal/v1/n3/difrancesco.pdf#search=%22Di%20Francesco%2C%20M.%20(2001)%20Process%20not%20%22)

New Public Management, performance management, policy coherence, policy advice.

The main idea of this study is to show that, in spite of the criticism levelled at New Public Management’s capacity to provide policy coherence, there are tools one can use to respond to this issue. The author reconsiders coordination as a process and shows that NPM techniques, including procedural coordination, can facilitate policy coherence. Di Francesco supports his own argumentation by giving examples of how public service policy in Australia performance was measured.

Di Francesco distinguishes two views of the role of NPM in policy coherence. The first perspective considers coherence as an outcome of NPM. This makes NPM similar to bureaucratic structures incapable of managing different networks of an organization. The second perspective comes from the OECD. The OECD explicitly states that coherent policy can be achieved by managing processes, not outcomes. *“So for the OECD... NPM appears to contain the tools of coherence” (p. 107).* In short, critics say that NPM’s focus is on outcomes and hence it is incapable of providing coherence in an environment with various organizational networks. The OECD claims that *“NPM’s focus on performance management enables it to focus on managing processes” (p. 107).*

The author considers the second perspective more convincing. He argues that coordination is a procedural value and *“a policy-making contest in which overlaps and inconsistencies between different subject matters are continuously addressed” (p. 108).* Policy coordination is defined here *“...as a process*

*directed at creating conditions – in particular, standardizing decision-making within the state apparatus...*” (p. 108). This approach explains why there was a decline in policy coherence with the introduction of NPM or, to be more precise, what aspects of NPM were responsible “*for fragmentation and reduction of the capacity of central agencies to alter procedural settings both across the state sector and in the face of an increasingly diverse network of policy actors*” (p. 108).

At the end of the article, Di Francesco, an advisor to the Australian government, presents his case for measuring performance. Five policy management reviews were conducted and all of them were targeted at “*central agency management of internal policy development processes within budget settings, Interdepartmental Committees and messy processes associated with intergovernmental policy formulation*” (p. 110). One Di Francesco’s conclusions is that “*strengthening central agency leverage over the procedural settings of Interdepartmental Committees*” policy processes was one way that performance measurement could serve policy coherence” (p. 111).

The author concludes his study saying that shifting the focus of policy coherence on policy outcomes and outputs may exacerbate the tendency to undermine policy coherence at the centre. Procedural aspects of policy management should be taken into account to avoid this.

Elyetu, E.P. (2004) ‘The Uganda Inter-Institutional Trade Committee JITAP: Capacity Building in Assuring Developmental Gains From The Multilateral Trading System’ - Discussion Paper: Uganda. Available from:  
<http://www.jitap.org/UNCTAD%20XI%20JTA%20event%20180604%20UGANDA.pdf>

Multilateral trading system, trade negotiations formulation, negotiating agenda, objectives and positions

The new Multilateral Trading System which emerged from the Uruguay Round of trade agreements has posed significant challenges, but can also open up new vistas for trade by African countries. JITAP - the Joint Integrated Technical Assistance Programme – has mobilized the WTO, UNCTAD and ITC’s expertise and support to help their African partners benefit from the new Multilateral Trading System (MTS). JITAP is the first program established by the three organizations which provides joint delivery of a broad range of selected technical assistance inputs to a number of countries simultaneously (16 countries are part of the program so far). It focuses primarily upon capacity building.

This paper is a short overview of the efforts of Uganda and the JITAP program to facilitate the process of organizational restructuring in trade policy formulation, and participation in multilateral trade. For research purposes, the experiences of other countries included in the JITAP program may be also used in the future. The paper briefly discusses the institutional changes which took place in the government and which resulted from establishing a special body in 1998 dealing with WTO matters. The body was called the Inter-institutional Committee (IIC). IIC was set up in Uganda as a “*national forum with the following mandate*” (p. 3):

- *To co-ordinate the formulation and implementation of trade policy relating to the implementation of WTO obligations in the country and to WTO negotiations,*
- *To backstop Uganda’s negotiators at the WTO,*
- *To provide a platform for the formulation of policy relating to the utilisation of export opportunities, and*
- *To assist in sensitising relevant stakeholders about the WTO”.*

The author recognizes that Uganda’s response is now better; it is currently “*formulating negotiating positions that form the basis for beneficially participating in the MTS*” (p. 3). The result is “*a good forum for stakeholders to provide and input into the process of trade policy formulation and implementation as well as that of formulating negotiating positions*” (p.3). The paper gives a detailed explanation of the IIC’s terms of reference which include – among other obligations – preparation of “*a positive negotiating agenda and negotiating objectives for Uganda and provide support for the Country’s negotiators, and to provide a forum for analyzing Uganda’s negotiating positions*” (p. 4). The paper goes on to explain the composition, size, funding and the work program of the IIC.

Under the heading “Major Constraints to the Functioning of the IIC” the author explains that the ITC was set up administratively “*...to expand its terms of reference to all trade negotiations, to re-constitute the subcommittees and make the ITC also the Trade negotiating team*” (p. 7). The paper concludes that there are some particular concerns about and constraints to the way the IIC operates. However, the author concludes that “*overall, JITAP made and continues to make substantial contribution to capacity building for Uganda in the area of trade policy, especially its coordination, the development of negotiating objectives, improvement of knowledge*” (p. 8), etc. Hence the outcomes of the JITAP programme’s in Uganda are of interest to researchers, as the programme focuses on the issues such as coordination of trade negotiations in governmental agencies and bodies.

<p>Gatto, A. (2006) ‘The law and governance debate in the European Union’. Discussion Paper DP/163/2006, Decent Work Research Programme, International Institute for Labour Studies. Available from: <a href="http://www.ilo.org/public/english/bureau/inst/download/dp16306.pdf#search=%22Gatto%20the%20law%20and%20governance%20debate%20in%20the%20eu%22">http://www.ilo.org/public/english/bureau/inst/download/dp16306.pdf#search=%22Gatto%20the%20law%20and%20governance%20debate%20in%20the%20eu%22</a></p>	<p>Governance, European Union, comitology, EU agencies, open method of coordination.</p>
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The main objective of this study is to provide a comprehensive analysis of the European Union’s law and governance debates. According the study, the term ‘governance’ *“indicates a new mode of government where state and non-state institutions, public and private actors participate and often cooperate in the formulation and implementation of public policy. The developments in the field of governance, indeed, indicate an erosion of territorial, nation-state centred political governance and nation-state constitutionalism”* (p. 1).

The paper recognizes that *“the main features of European governance have been identified as expanded participation of civil society in policy-making and, to a lesser extent, in lawmaking; coordination of action and actors at many levels of government as well as between government and private actors; coordination among Member States, rather than uniformity; and extended deliberation among stakeholders in order to increase problem-solving capabilities and democratic legitimation”* (pp. 1-2).

The paper also underlines the different positions of the EU and observes that *“...governance in the EU presents unique features that make any comparison with other political and legal systems – both states and international organizations – difficult”* (p. 2). *“Governance in the EU cannot be equated with governance developed within a single state nor between a set of sovereign states. Likewise, the distinction between administrative law and constitutional law and between the EU constitutional framework and its administrative organization appears to be blurred in the EU context. The powers and tasks of the EU are shared between different actors and institutions which act at different times as part-executive and as part-legislature, partly as administrators and partly as decision-makers, in all kinds of policy areas from the minor to the most important”* (p. 2). *“Measuring governance against the benchmark of law, legal commentators are either concerned with the constitutional implications of new forms of governance, such as committees and agencies, or with the potential role of instruments alternative to legislation, such as soft law and the OMC”* (p. 4). *“The European Commission established its*

*own concept of governance in the White Paper on European Governance (White Paper), in which the term “European governance” refers to the rules, processes, and behaviour that affect the way in which powers are exercised at the European level, particularly with regard to openness, participation, accountability, effectiveness, and coherence” (p. 1). “A vast network of advisory and implementing committees sometimes referred to as “comitology” is similarly linked in complex ways into this framework without possessing autonomous legal powers. Therefore, new forms of governance cannot be easily read through the lenses of the traditional principles of either constitutional or administrative law. On the contrary, they inherently represent a challenge to those categories and tend to escape any attempts at juridification” (pp. 2-3). Hence, “this paper focuses on three of the most developed forms of governance in the EU, notably, the comitology system, the EU independent agencies, and the use of the OMC in the field of social policy” (p. 5).*

#### A. The Commission White Paper on European Governance

“The issue of governance was addressed for the first time in a systematic way with the publication of the White Paper in July 2001. In this document, the Commission attempted to address critics that questioned the EU’s ability to be closer to European citizens, to produce more effective and simplified legislation, to reinforce democracy in Europe, and to consolidate the legitimacy of its institutions. According to the Commission, governance should contribute to the framing and implementation of better and more consistent policies associating civil society organizations with European institutions. It also entails improving the quality of European law, making it clearer and more effective.

The central theme of the White Paper is to evaluate to what extent the traditional Community Method is still the proper method of governance and to explore what new forms of governance should be adopted. The proposals for a change are divided into four sections. The first section focuses on improving involvement in shaping and implementing EU policy. The second section aims at improving the quality and enforcement of EU policies. The third section calls for a stronger link between European governance and the role of the EU in global governance. Finally, the fourth section examines the role of institutions. The White Paper addresses different existing forms of governance. It sets out the conditions for the creation of regulatory agencies at the EU level and provides a definition and a generally positive – albeit cautious – review of the various cases in which the Member States had used the “open method of coordination” as a means of achieving convergence between certain national policies. It also promotes openness, transparency, and consultation when making initial legislative proposals and when implementing agreed-upon policy. Likewise, it reaffirms the relevance of the subsidiarity and proportionality principles in order to improve the quality of EU policies. Finally, it promotes the greater use of policy tools such as regulations, framework directives, and co-regulatory mechanisms in order to simplify and speed up the legislative process (pp. 8-9).

## 2. Governance as a response to regulatory needs: the comitology system and the EU agencies

### A. Comitology

*“One of the major developments in the EU that prompted the emergence of new forms of governance has been the necessity to face the increased regulatory needs and the demand for rapid and expert decision-making in the process of market integration. In order to face the need for increased regulation, implementation, and scientific expertise, the creation of a complex technocratic machine represented by the committee system and by the creation of European independent agencies was incrementally established. Regulation through committees was perceived as an alternative to centralized regulation through agencies on the one hand and to regulatory competition or mutual recognition on the other”* (p. 11).

*“Comitology strictu sensu defines those committees composed of national representatives which assist or control the Commission in the exercise of its implementing powers. According to this definition, comitology is part of the Commission implementation function and an expression of the Commission’s delegating authority. The term comitology, however, has acquired a broader meaning to include not only committees which intervene at different stages of the decision making process (the policy-making and implementation committees), but also those that provide the opinion of broad socioeconomic interest groups (interest committees) and scientific expertise and information (scientific committees)”* (p. 12).

According to the “Comitology Decision” (Council Decision of 28 June 1999 Laying Down the Procedures for the Exercise of Implementing Powers Conferred on the Commission (1999/468/EC) 3, July 17, 1999, 1999 O.J. (L 184) 23) there are different types and procedures to be followed by the committees. *“The three types of committees work according to different procedures and have varying levels of legislative control over the Commission. The type of committee assigned normally depends on the policy area being regulated. Advisory committees are generally used when the policy matters considered are not very politically sensitive. Following draft measures by the Commission, the committee delivers its opinion within a certain time limit and “if necessary by taking a vote” (simple majority). The Commission is to take the “utmost account of the opinion delivered” and inform the committee of the manner in which its opinion has been taken into account. Management committees are used for measures relating to the management of the Common Agricultural Policy, fisheries, and the main EC programs. According to procedures for this type of committee, when the measures adopted by the Commission are not consistent with the committee’s opinion (delivered by qualified majority), the Commission must communicate the disagreement to the Council which, acting by a qualified majority, can elect a decision contrary to the Commission. Finally, regulatory committees deal with the protection of the*

*health and safety of persons, animals, and plants, as well as measures amending non-essential provisions of the basic legislative instruments. In this case, the Commission can adopt implementing measures only if it obtains the approval of the committee (voting by qualified majority). In the absence of this approval, the proposed measure is referred back to the Council which makes a decision by a qualified majority vote. However, if the Council does not make a decision, the Commission can adopt the measure provided that the Council does not object by a qualified majority” (p. 12).*

The paper also emphasizes that “*even if formally speaking committees are legitimate bodies which do not interfere with the EC’s established institutional order, from a legal perspective they raise some concerns*”. Namely, “*committees have been held to challenge the internal balance among EC institutions and to threaten the overall legitimacy of the EC decision making process. Second, committees have been accused of undermining the transparency of the EU decision-making process. Lastly, the legal debate on comitology emphasizes the existence of other unsettled legal problems. Comitology is somehow meant to transfer risk allocation among Member States from the ECJ to the political instance of decision-making*” (p. 13).

#### B. European Union agencies

“*One alternative to regulation through committees is centralized regulation through independent agencies. Like committees, agencies respond to the need for information-gathering, technical expertise, and supervisory flexibility. They do so, however, in a more centralized manner and are more easily analyzed under the well established principles of administrative law. Agencies have gained a growing importance within the EU institutional structure and they function in a number of different areas*” (p. 15). “*The agencies can be divided into four-subgroups based on their activities: the agencies facilitating the operation of the internal market, monitoring centres, agencies promoting social dialogue at a European level, and agencies carrying out programs and tasks on behalf of the EU in their respective areas of expertise. Similar to committees, agencies have developed outside the original Treaty institutional framework. Since the TEU does not provide a formal basis for their establishment, agencies are created through secondary legislation enacted mostly on the basis of Article 308 of the TEU*” (p. 15).

#### 3. Governance and social policy: the open method of coordination

“*The OMC is a cyclical benchmarking procedure which co-ordinates national policy by providing guidance and an assessment at the European level based upon five distinctive elements: the fixing of European Guidelines, the establishment of quantitative and qualitative indicators benchmarks, the translation of these guidelines into national and regional policies, a periodic monitoring evaluation, and peer review.*”

<p><i>“The Constitution foresees that a European law or framework law can establish measures to encourage cooperation among the Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches, and evaluating experiences. Even if not clearly named as OMC, this legislative technique actually mirrors its salient features”</i> (p. 17).</p>	
<p>George, M., &amp; Pengelly, T. (2001). Building trade policy capacity in developing countries and transition economies: A practical guide to planning technical co-operation programmes. Department for International Development, London. Available from: <a href="http://www.dfid.gov.uk/pubs/files/buildingtradecapacity.pdf">http://www.dfid.gov.uk/pubs/files/buildingtradecapacity.pdf</a>.</p>	<p>Trade capacity building, trade policy technical co-operation programme.</p>
<p><i>“This guide has been produced by DFID’s International Trade Department to support the implementation of the UK Government’s White Paper on International Development Eliminating World Poverty: Making Globalisation Work for the Poor (December 2000). [...]The aim of this guide is to provide practical advice for planning trade policy technical co-operation (TPTC) programmes in developing countries and transition economies. It is based on insights gained from TPTC programmes supported by DFID since the late 1990s in Africa, South Asia, Eastern Europe and the Caribbean. It will be of primary benefit to DFID technical co-operation Programme Managers, but potentially will also be of interest to other bilateral donor agencies and international organizations involved in trade policy related technical assistance and capacity building”</i> (p. 4).</p> <p>Part Two of this paper addresses the identification of a <i>trade policy technical co-operation programme</i>. It contains a checklist of questions that will help set the context required to do so (For example: How have trading patterns evolved? What are the mechanisms for coordination between Ministries? Have adequate preparations been made for new WTO negotiations?). Part three discusses <i>Key themes in planning a programme</i> The last part addresses the <i>Undertaking of detailed programme design</i>. A <i>Sample Logical Framework for TPTC programmes</i> is annexed at the end of the paper.</p>	

<p>Giacalone, R., Porcarelli, E. (2006) 'Public and Private Participation in Agricultural Negotiations: The Experience of Venezuela', case study published by the WTO in the book 'Managing the Challenges of WTO Participation: Case Studies'<sup>3</sup> Available from:  <a href="http://www.wto.org/english/res_e/booksp_e/casestudies_e/case44_e.htm">http://www.wto.org/english/res_e/booksp_e/casestudies_e/case44_e.htm</a></p>	<p>Negotiating positions, agricultural policy, agriculture negotiations, inter-ministerial coordination, institutions.</p>
<p>In this case study, the authors describe the relevant constitutional and institutional changes which took place in Venezuela over the last ten years and how these affected the quality of the country's participation in agricultural trade negotiations.</p> <p>The authority for the formulation of the Venezuelan agriculture policy has changed several times. At times it was part of the portfolio of the agency responsible for the overall trade policy creation and at other times it was entrusted to a separate agricultural agency:</p> <p><i>"Between the mid-1970s and the negotiations on commercial agriculture in 1996, matters were handled by the Institute of External Commerce (ICE) in coordination with the Ministry of Agriculture (MAC). In 1997 the Ministry of Industry and Commerce (MIC) was created as a result of the merger of the ICE with the Ministry of Development. Coordination between MIC and MAC persisted until 2000, when they were merged into the newly created Ministry of Production and Commerce (MPC). In 2002, the portfolio for agriculture was separated from the MPC to create the Ministry of Agriculture and Land (MAT). These developments have meant that coordination in agricultural commercial negotiations between the MPC and MAT were significantly affected."</i></p> <p>At present, responsibility for formulating Venezuela's agriculture negotiating position lies with two governmental agencies, the MPC and the MAT. Moreover, the country's Mission in Geneva and its employees, who sit front row at the negotiating process, report to the Ministry of Foreign Affairs. For successful participation in the negotiations, this institutional setup requires good inter-agency coordination. However, according to most of the Venezuelan trade officials interviewed for the purpose of this case study, such coordination is not taking place, or more precisely, was far more efficient in the period preceding 2000. This fact seriously jeopardizes Venezuela's participation in the world</p>	

<sup>3</sup> Ibid.

trading system which is seen to be a major opportunity for opening up new markets for it agricultural production.

*“Luis Ferraz, a former Deputy Minister of Agriculture (2001) thinks that the merger of the ministries of Agriculture and Commerce into a single institution was a positive development, as it favoured the coordination of negotiation positions, but that it was not properly managed. Antonio Frances (1999) agrees, and gives as a reason the fact that MIC had a streamlined and highly trained staff with a competitive orientation, whereas MAC was overstaffed and had developed a very defensive position in agricultural commercial negotiations. As a consequence it became difficult to develop coherent positions and to find a minister with a sound knowledge of both industrial and agricultural matters.”*

*“According to Abello, the frequent changes in the negotiating team have resulted in improvisation and inconsistencies. This, together with the lack of specific guidelines for mid-level officials, and especially the teams’ inadequate structure, has put in risk the negotiation process. Defective communication between the responsible government departments has prevented the building of a clear-cut agricultural position. He also points out that, even though the highest level decision-makers were properly informed, in most cases they did not fully understand the positive and negative implications of the negotiations for the country, due to lack of experience in this area.”*

*“The official involved in negotiations mentioned above points out that the frequent changes in the team members of the MAT and the MPC have not only affected the emphasis placed on each issue, but also the way in which they are addressed. Due to the difficulties encountered when new officials seek clear and specific institutional guidelines on negotiation issues, they tend to adopt a very rigid position; in this way they avoid assuming too much responsibility and are able to protect their jobs.”*

In conclusion, the officials interviewed in the case study unanimously agreed that public sector actors who are involved in agriculture negotiations should observe the following recommendations:

- *“High-level officials involved in negotiations need to review carefully the positive and negative implications for the economy as a whole, as well as reviewing in detail WTO agreements in order to have a better understanding of the legal scheme of negotiations.”*
- *“The politization of technical negotiating teams should be avoided.”*

*“Coordination between ministries should be improved, and officers need to know clearly who is in charge of the final decision-making process.”*

<p>Hill, C. and Lynn, L. (2003) “Why do Organizations Collaborate? Empirical Evidence from Chicago Public Schools”. Paper for the conference Association for Public Policy Analysis and Management, Washington. Available from: <a href="http://www.pmrnet.org/conferences/georgetownpapers/Hill.doc">www.pmrnet.org/conferences/georgetownpapers/Hill.doc</a></p>	<p>Collaboration, public organizations, public schools.</p>
<p>The goal of this paper is to identify determinants of collaboration based on the evidence from the collaboration between Chicago public schools and external organizations. Hill &amp; Lynn explain that collaboration employs three theories: rational choice, socialized choice, and resource dependency. The analysis reveals that resource dependency theory tends to explain collaboration activities better than the other two theories. The theoretical part of this work, related to conceptual and theoretical basis of collaboration between organizations, is considered below.</p> <p>According to Hill &amp; Lynn, rational choice theories explain inter-organizational collaborations as “<i>exchanges (e.g., of service for payment) or with other interactions (e.g., providing or withholding information) between autonomous actors seeking to attain pre-existing organizational goals</i>” (p. 3). Thus, game theory and principal-agent theory belong to this theory. In contrast to rational choice, socialized choice is based upon social relationships rather than exchanges. “<i>Theories in this class include organization theory institutional theory, structuration theory, and network theory</i>” (p. 4).</p> <p>Lastly, resource dependency theory has something in common with the theories of rational and social choice. “<i>This theory holds that organizations interact with their environments and respond to available opportunities and constraints, but they are not completely determined by such external forces</i>” (p. 4). According to this theory, governance can facilitate cooperation by providing various incentives. Using these theories, the authors develop predictors for collaboration and test them on empirical data based on empirical data from collaborative actions taken by schools. One of the empirical results shows variables based on resource dependence theories; they explain collaboration better than the variables based on rational and social choice theories.</p>	

<p>Hill, C. and Lynn, L. (2002) "Producing Human Services. Why do Organizations Collaborate?" Georgetown Public Policy Institute. Available from: <a href="http://www.georgetown.edu/faculty/cjh34/CollaborationPMR.pdf">http://www.georgetown.edu/faculty/cjh34/CollaborationPMR.pdf</a></p>	<p>Collaboration, human services, public organizations.</p>
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In this paper the authors consider collaboration from the perspective of those providing human services. Their research question is what motives and interests an agency has for collaboration and what implications these have. In particular, the authors consider the incentives providers of human services have to collaborate. They employ rational choice theories and socialized choice theories to answer this question.

For human service agencies, Hill and Lynn see collaboration as a *strategic production problem*. Very often collaboration is more costly for a provider than the benefits accruing to others, which is why "*collaborative production often poses collective action problems that require governance*" (p. 7). Governance and selection of governance mechanisms will depend upon the motivation and incentives providers have to collaborate.

Rational choice theories: "*Explain strategic production choices in terms of an optimizing logic: the size and structure of rewards and opportunity costs (e.g., the benefits of independent production), information asymmetries (which affect bargaining power and incentives to shirk), and conflicts of interest (which create risks of opportunism)*" (p.25). Socialized choice theories "*explain strategic production choices in terms of the behaviors induced by these social constructions*" (p. 25).

The authors provide a framework for planning the stages of collaboration: "*Research questions prompted by the framework include: Along what dimensions can the performance of collaborations be assessed, to account for the concerns of sponsors, customers, service providers, and/or other stakeholders? How can providers' incentives and motivations be identified? Do differences in providers' incentives or governance mechanisms explain differences in performance of collaborative relationships? Is collaboration more effective than traditional categorical or independent service delivery, and are some types of collaboration more effective than others? If so, for what types of services, under what types of conditions? To what extent do intra-and inter-organizational relationships affect the success of collaborative effort?*" (pp. 26-27).

<p>In sum, this paper provides very a useful framework, one crucial to developing forms of governance that are conducive to collaboration.</p>	
<p>Huang, R. (2005). How Has accession to the WTO changed trade policy making in China? Conference paper presented at the Workshop on Trade Policy Making in Developing Countries, London School of Economics and Political Science (LSE), May 25. Available from: <a href="http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/TradePolicyMakingInChina.doc">http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/TradePolicyMakingInChina.doc</a>.</p>	<p>WTO accession negotiation, decision-making process.</p>
<p>Rengang Huang is the Minister/Counsellor of the Permanent Mission of the People's Republic of China to the WTO. In this paper, he addresses how China's accession to the WTO has changed the trade policymaking process. For examples, "some government agencies underwent re-organization to the effect that some new functional departments were created and some others were merged" (p.2). Other parts of the paper discuss the process of China's Accession to the WTO, general decision-making structure and procedure in China. The paper mentions the Ministry of Commerce, whose "functions combine those for several US counterpart agencies, such as Department of Commerce, Office of US Trade Representative International Trade committee, USAID, etc." (p.11), its consultation with other government agencies, and trade policy-making as related to the Doha round negotiation.</p>	
<p>INTAL-ITD-IDB (2005). Workshops on Domestic Trade Policy Making: Second Round of Papers. Buenos Aires. Available at (could not retrieve link)</p>	<p>Trade policy-making process, consultative process, trade advisory mechanisms.</p>
<p>This compilation of documents was papers submitted at meetings and workshops on domestic trade policy making. They were submitted during the second stage of a project initiative to study and analyse the policy formulation process for trade and integration in the Western Hemisphere and emphasized, in particular, consultation mechanisms between the government and civil society. Additional cases which included Guatemala, Costa Rica, Panama, Nicaragua, El Salvador, Honduras, and the Dominican Republic were also prepared. Updates were made to the documents on Brazil, Argentina, Chile, Uruguay, Mexico, and Colombia. Their initial reports are available in the compilation entitled "The</p>	

Trade Policy-Making Process Level One of the Two Level Game: Country Studies in the Western Hemisphere”.

This is a substantial compilation. Because the document is a secured pdf., the copy and paste function has been disabled and cannot therefore be included in the excerpt. What follows is a list of the papers and topics in this publication:

New Trends in Argentina’s Foreign Trade Policy-Making, Trade Policy-Making Process in Brazil, A Review of Trade Policy-Making in Chile, The Process of Formulating Foreign Trade Policy in Costa Rica, Civil Society and Trade Negotiation in the Dominican Republic, El Salvador’s International Trade Policy: What It Is and Who Participates, Memo on Trade Policy in Guatemala, The Process of Formulating Trade Policy: Memorandum of Honduras, The Consultation Process in Mexican Trade Negotiations, Memorandum on Trade Policy-Making in Nicaragua, Emphasizing, Free Trade Agreements: The Participation of Civil Society, The Consultative Process in Trade Policy Making and Implementation in Panama and The Role of Civil Society in Uruguayan Trade Negotiation.

Ionita, S. (2005) ‘Poor Policy Making and how to Improve it in Countries with Weak Institutions’. Available from:  
<http://pdc.ceu.hu/archive/00002838/01/ionita.pdf>

Policy making, policy management

This paper briefly analyses trade policy issues in Romania. Included are such issues as poor governance and the lack of a policymaking model. The paper also addresses a variety of problems related to administration and policy-making. The paper has set up an agenda for reforming the trade policy process – for providing proposals for specific actions by key players, i.e. the government, NGO’s and international partners – in particular by implementing trade governance in a more transparent manner.

When discussing problems related to the policy making, the author finds that *“flawed policy process, probably the most crucial (and ignored) source of poor governance, is characterized by little public consultations, hasty decisions and poor implementation capacity. If at all, the public debates and identification of crucial trade-offs occur after policies are (or are supposed to be) implemented, not before, which creates uncertainty, confusion and ultimately mistrust in public institutions. The immediate symptom of this model of governing by default is the large gap between written plans and strategies, on the one hand, and social realities on the other”* (p. 10).

The author also notes that “there is no functional institutional platform to aggregate various sectoral policy measures” and that “the inter-ministerial committees of the cabinet function erratically, failing to address cross-sectoral issues in a systematic way” (p. 12). He, therefore, concludes that “*the only mechanism for formal decision-making across sectors remains the weekly meeting of the cabinet*” (p. 12).

In the author’s view, the fundamental point of this paper is that “*the constraints to improved policy management are to be found firstly in terms of low acceptance (of the legitimacy of new, objective criteria and transparency), secondly in terms of low authority (meaning that nobody knows who exactly is in charge with prioritization across sectors, for example) and only thirdly in terms of low technical ability in institutions*” (p. 15). It is interesting to note that the author finds that “*...the main problem in our system is not knowledge, but incentives. If so, it is unlikely to be fixed by providing technical assistance to institutions (training, exchanges, secondment programs, institutional twinning, and new equipment). If at all, capacity building should go hand in hand with serious efforts to increase the accountability of the system. This does not mean that all civil servants are equally capable and efficient; on the contrary, as it was mentioned above, the civil service displays a pronounced duality. However, the way to fix the problem is not merely by training the bottom half of the bureaucracy, but to find a way to measure their performance, make the results public and build pressure for change within the system. For example, when reforming the policy making process most effort should go not into prescribing detailed rules and guidelines about how powerful ministers must run their sectors, which they usually tend to ignore, but into splitting the field of policy-making into relevant areas and stages, and finding the most powerful ‘natural’ incentives for officials to change their behavior in each of these areas*” (p.15).

<p>Jerome, A. (2005) 'Institutional Framework and the Process of Trade Policy Making in Africa: The Case of Nigeria', paper prepared for the International Conference 'African Economic Research Institutions and Policy Development: Opportunities and Challenges' Dakar, January 28-29, 2005 organized by the Secretariat for Institutional Support for Economic Research in Africa (SISERA). Available from:  <a href="http://www.idrc.ca/uploads/user-S/11085711371Institutional_Framework_of_Trade_Policy.pdf">http://www.idrc.ca/uploads/user-S/11085711371Institutional_Framework_of_Trade_Policy.pdf</a></p>	<p>Trade policy making, WTO, Doha Development Agenda</p>
<p><i>Abstract</i></p> <p><i>Trade policy has become far more complex both in terms of the issues involved and the participation of new actors. This study appraises research and analytical support for trade policy making in Nigeria within the context of the Doha Development Agenda of the World Trade Organization. Trade policy formulation and implementation in Nigeria, even though conditioned by the global context, is dominated by governmental and inter-governmental agencies whose responsibilities overlap and between which coordination is deficient. There is no identifiable source or structure of research and analytical support for trade policy making in Nigeria. Specialised knowledge and skills should be obtained through longer term contractual arrangements with institutions and individuals in Nigerian academia, consulting firms and the private sector.</i></p> <p>The author recognizes that “since the Uruguay Round, trade policy has become far more complex both in terms of the issues involved and the participation of new actors” and hence, it is “extremely important to enhance an understanding of the actors and institutions that shape and constrain trade policy formulation at the national level”.</p> <p>This study “appraises the process of trade policy-making in Nigeria and research and analytical support for trade policy making” and “focuses on the main negotiating issues embedded in the on-going multilateral trade negotiations in the context of the Doha Development Agenda of the WTO” (p.3). The author explains that “until recently, trade policy formulation and implementation, even though conditioned by the global context, was dominated by governmental and inter-governmental agencies and dispersed among several public sector agencies whose responsibilities overlap and between which coordination is deficient”.</p>	

Also, *“due to weak public sector institutions, the policy process is diffuse and lobbying and ad hoc interventions tend to be the preferred means of influencing policy”*. The author gives a detailed picture of the organization of governmental bodies and agencies that deal with trade. In this sense, the Federal Ministry of Commerce is the principal government agency with overall responsibility for trade policy formulation, including bilateral and multilateral agreements. In addition, there are three principal bodies responsible for decision-making: the Federal Executive Council, the National Council of State and the Senate.

This study recognizes that *“effective formulation and implementation of trade policy requires collaboration among the relevant government ministries and agencies and continuous dialogue and consultation with major stakeholders”*. It also concludes that *“as the expanding mandate of the WTO has drawn more domestic institutions into the process of designing and implementing trade and trade-related policies, coordination within and among ministries and other governmental agencies and stakeholders has become a major problem in Nigeria”* and that *“the extent of consultation is still limited”* while *“the mechanism of coordination within the government is usually through inter-ministerial meetings/committees co-ordinated by the Federal Ministry of Commerce”*.

Although the dialogue/policy decisions taken at the National Council on Commerce (NCC) are institutionalized, the feedback mechanisms on the decisions made are only reported back to the council on a yearly basis. The author emphasizes that *“there are several coordination problems arising from the split in responsibility between trade policy formulation and authority to negotiate and sign trade agreements and staffing of the various ministries and other government agencies involved with trade-related policy making”*.

The author recognizes that major problems include *“inadequate capacity for monitoring and analyzing the trade policies of key trading partners and limited personnel with requisite knowledge of international trade law”*. Also, the *“national consultation and coordination on WTO activities involve functions that are largely technical, requiring the specialized knowledge and skills of trade analysts, lawyers, economists, and so forth, as well as rigorous analysis that are beyond the capacity of members of the inter-ministerial and other committees”* (pp.4-5).

The author emphasizes that although Nigeria has established institutional mechanisms for the country's full participation in multilateral trade negotiations (Since 1995, Nigeria has established the Trade Office, which handles all trade-related activities in Geneva, activities like those of the WTO, WIPO, UNCTAD and ITC, including the Nigerian Embassy to the WTO). *“According to Nigerian Negotiators, there is not much of an information flow between Abuja and Geneva”*. *“The flow of information has tended to be move in only one direction,*

*i.e. from Geneva to Abuja, with little or no feedback from Abuja". "The paucity of Nigeria's human and material resources and its limited knowledge-base in relation to many of the issues being addressed in the negotiations are serious binding constraints on the country's ability to secure a full appreciation of the implications of the issues and proposals being discussed in various negotiating groups. This, in turn, limits her ability to fully participate across the board, and to identify and effectively project its national interests in the negotiations. These handicaps are worsened by the unfortunate practice of frequently re-assigning officials to and away from Geneva, thereby precluding acquisitions of the necessary competence and confidence in interacting with officials from other countries which derive from long experience and the weak link between officials in Geneva and Abuja". In addition, the author recognizes that the "implementation of WTO rules requires more than just removal of obstructive policies; it also requires creating infrastructure and institutions that facilitate economic activity" (pp. 5-6).*

The author also emphasizes that *"research and analytical support is perhaps the weakest link in Nigeria's trade policy formulation and negotiation". He concludes that "there is no identifiable source or structure of research and analytical support for trade policy and trade negotiators within FMC" (pp. 6-7). Establishing a Foreign Trade Institute was proposed in order to address this lack of existing research and to provide an analytical basis to support trade policy and trade negotiators.*

The author discusses further efforts by Nigeria to improve the institutional setting for participation in WTO negotiations<sup>7</sup>.

Of this, the author says, *"an important institutional framework which emerged in recent years is the reconstitution of two vital national committees, the national focal point on WTO which transformed into the Enlarged National Focal Point (ENFP) in 2001 and the National trade Policy Review Committee which drafted Nigeria's trade policy document". The ENFP represents "a deliberate attempt by the Ministry to involve all stakeholders including civil society in the formulation and harmonisation of Nigeria's position for multilateral trade negotiations". The ENFP "serves as the standing Inter-Ministerial body, charged with the overall coordination of government positions on trade-related developments in Geneva. It is responsible for articulating Nigeria's position in trade negotiations. Its membership is drawn from all relevant Ministries and agencies, including the academia and the representatives of the Organised Private Sector (OPS) with the Federal Ministry of Commerce as the Secretariat". "The NFP is thus expected to consider the various issues emanating from Geneva, in order to make recommendations and advise government accordingly". However, the ENFP "hardly meets" mainly because there is a "lack of necessary funding to keep the process going" (pp. 6-7).*

The author stresses that Nigeria is facing the following basic capacity constraints:

- Limited knowledge base – the absence of in-depth knowledge and understanding of rules, technical issues, etc.
- Limited research, analysis and evaluation capacities.
- Lack of access to up-to-date information regarding global developments and their potential impact, including policy formulation by trading partners.
- Lack of attention to national policy formulation on a detailed and co-ordinated basis
- Lack of attention to strategic and tactical planning, especially on a long-term or far-reaching basis.
- Lack of attention to the anticipation of possible future developments and the consequent formulation of pre-emptive positions or appropriate policy alternatives
- Lack of forward thinking, resulting in the absence of a rapid-response capacity.

He emphasize that *“the impact of these constraints negatively affects the capacity of Nigeria to participate effectively in the WTO negotiations on the basis of sound preparation and detailed strategy formulation. The inability to strategize effectively serves to relegate Nigeria’s participation in the negotiations to the realm of a reactive or defensive response as opposed to the optimum proactive, results-oriented approach”* (p.7).

#### Conclusions

The author concludes that there are three critical elements for an efficient trade policy process in Nigeria. These are: *“government leadership, institutional capacity and the inclusion of all actors, including the relevant ministries, the business sector, trade promotion and regulatory bodies, think-tanks and other civil-society organizations”*. He concludes that *“all the three elements are deficient in Nigeria”*. According to the author, *“the current architecture of trade policy making in Nigeria requires intense consultations among several ministries and stakeholders if coherent positions are to be developed. Unfortunately, linkages among the ministries are very poor and there are no formal mechanisms for coordination among officials. The division of tasks among the ministries remains the subject of conflict. There are insufficient resources to communicate and co-ordinate work across ministries on multilateral and other trade issues; to raise stakeholders’ awareness and invite participation in the formulation and implementation of trade policy and commission research. On external representation, the officials in Geneva are too few and ill equipped to deal with the complex, interlocking negotiating agendas. They lack the professional skills needed to interpret notification obligations under WTO obligations and then respond by gathering the relevant information. There is neither a WTO reporting mechanism, nor any formal coordination mechanisms among ministries for notifications while the links between the capital and Brussels and Geneva are at best tenuous”* (p. 10).

ANNOTATED BIBLIOGRAPHY

<p>Johnson, L.J., Johnson, S.A., Lamontagne, M., Tam, K.Y., Zorn, D. (2003). 'Stakeholders' Views of Factors That Impact Successful Interagency Collaboration', <i>Exceptional Children</i>, 69(2), pp. 195-209. Available from: <a href="http://journals.sped.org/EC/Archive_Articles/VOLUME69NUMBER2WINTER2003_EC_Article%205.pdf">http://journals.sped.org/EC/Archive_Articles/VOLUME69NUMBER2WINTER2003_EC_Article%205.pdf</a></p>	<p>Commitment, communication, collaboration, Minimizing turf issues.</p>
<p>"This study investigated factors related to successful and unsuccessful collaborations, studied the specific problems that are part of the collaboration process, and identified solutions to minimize their occurrence. Thirty-three stakeholders from nine state departments and three private social services agencies in Ohio were categorized into two groups: program chiefs and program specialists. Participants were interviewed for their opinions on successes, problems, and solutions related to interagency collaboration. Interviews were transcribed and data was analyzed using content analysis. Significant differences were found in two areas: factors that jeopardized interagency collaboration and areas each group would change in future collaborative efforts. Based on the outcomes of this study, seven factors related to successful interagency collaboration were delineated." (p. 195).</p> <p>The departments and agencies examined are those involved in providing services to families and children. The observation also tends to be reliant upon lower-level agency collaborations.</p>	
<p>Kabele, J., Linek, L. (2004) 'The Decision-Making of the Czech Cabinet: EU Accession and Legislative Planning Between 1998 and 2004', paper prepared for the Joint Sessions of Workshops, Workshop No 10: The Process of Decision-Making in Cabinets in Central-Eastern and Southern Europe, Uppsala, Sweden (13 – 18 April). Available from: <a href="http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/uppsala/ws10/LinekKabele.pdf">http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/uppsala/ws10/LinekKabele.pdf</a></p>	<p>Legislative planning, EU harmonization, functioning of Czech government.</p>
<p>In this study the authors examine and interpret legislative planning in the Czech Cabinet between 1998 and 2004. They "...see legislative planning as an</p>	

*institution which plays an important role in streamlining cabinet's decision-making, and this was especially true at a time when the Cabinet had to meet the challenges of harmonising the Czech law with European law" (p.2). The paper examines processes such as cabinet decision-making, which they analyze using "legislative planning – the programmatic and management dimensions"; "the role of the cabinet in law drafting and coordination costs of legislative activities", as well as "the implementation of legislative planning and contribution of policy development to law drafting". The authors also make an "attempt to evaluate legislative planning as a tool for streamlining cabinet decision making" (p. 2).*

Examining legislative planning and implementation, the authors conclude that "...meeting the plan prevailed over programming, extensity over intensity" (p. 17). They emphasize that "...legislative overproduction strengthened the position of the executive power in relation to the Parliament because the dominance of the cabinet with respect to information became more and more pronounced". They also find that "legislative planning became an important tool of management in the monitored period of time" and that "the role of departments was also enforced by the fact that they were primarily responsible for timely harmonisation of the law, and the central coordination bodies played only a supervisory and record-keeping role in relation to the departments". According to the authors, "legislative planning streamlined cabinet's decision making by defining deadlines and responsibilities and provided the generalists in the cabinet with one of the few tools of control over ministers (and at the same time allowed ministers to control their departmental apparatuses)" (p. 18).

In their analysis the accession process, the authors "...emphasize the role and power that departments gain during the accession process". The authors explain in greater detail an institutional organization's concerns when it comes to the legislative programming, actual drafting and process of adoption related to harmonizing national legislation with European law. These findings are directly and indirectly connected with the process of internal coordination of policy concerns and their inclusion through the legislative process. The fact that in such processes "governmental bodies actually gained in prominence due to this pressure" (of harmonization with the EU legislation) (p. 18) is also of particular relevance to our research.

<p>Lance Graef, P. (1999). Program Elements for Building National Core WTO Expertise: WTO-Related Technical Assistance Symposium for Sub-Saharan Africa, Seattle, Washington. Nathan Associates Inc.</p> <p>Available from:  <a href="http://www.nathaninc.com/NATHAN/files/ccPageContentDOCFILENAME000545705546building.pdf">http://www.nathaninc.com/NATHAN/files/ccPageContentDOCFILENAME000545705546building.pdf</a></p>	<p>WTO, technical assistance, resource scarcity, institutional constraints, trade policy analysis capacity, trade negotiation.</p>
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Mr. Graef, Vice President of Nathan Associates Inc., has worked with trade policy officials and private sector representatives from 20 sub-Saharan African (SSA) countries and has conducted Workshops on WTO. In this paper, he discusses the importance of creating core WTO expertise, and how this can be done.

- *“Both government policymakers and private sector trading entities (importers and exporters) must have access to and then must analyze current trade data on performance of the system, focusing on activity in home markets and key export markets”* (p. 1).
- *“Government policymakers and private sector traders must be well informed about their own national MTS obligations and policies, as well as those of international trading partners. For developing countries, this knowledge will become more important, as many obligations entered into during the Uruguay Round are coming due as LDC phase-in periods begin between 2000-2006”* (p. 2).
- *“The transparency provisions of the WTO agreements and the Trade Policy Review Mechanism give MTS participants the opportunity to monitor and, as necessary, to dispute policies that run counter to agreed upon obligations”* (p. 2).

Mr. Graef also addresses the resource scarcity and institutional constraints which are common characteristics of trade policy administration in sub-Saharan Africa. However, there are other characteristics that describe a pattern of poor coordination, insufficient dialog with the private sector, and inadequate information exchange. Finally, he proposes eight inter-related initiatives for building core WTO-related competence. They are:

1. *Disseminate information widely on WTO and other Trade Agreements*
2. *Inform public and private sector leaders*
3. *Draw upon international expertise to solve specific WTO-Related Technical Issues*
4. *Use Technical Assistance to Help Create Databases and*

<p><i>Analytic/Research Capabilities</i></p> <p>5. <i>Emphasize preparation in trade negotiations</i></p> <p>6. <i>Support building trade policy analysis capability in the private sector</i></p> <p>7. <i>Widen trade policy analysis capability in government</i></p> <p><i>Establish and nurture a strong inter-ministerial coordinating body for trade policy.</i></p>	
<p>Latif, A.A. (2005) 'Developing Country Coordination in International Intellectual Property Standard-Setting', working paper prepared under the South Centre Trade-Related Agenda, Development and Equity Project (T.R.A.D.E.) Available from: <a href="http://www.southcentre.org/tadp_web_page/research_papers/ipr_project/trade_wp24_jun05.pdf">http://www.southcentre.org/tadp_web_page/research_papers/ipr_project/trade_wp24_jun05.pdf</a></p>	<p>Developing Countries, Intellectual Property (IP) Rule-Making, UNCTAD, WTO, UNESCO, Coordination of DCs participation.</p>
<p>This paper focuses upon the importance of coordination for participation by developing countries in international intellectual property (IP) rule-making.</p> <p>Intellectual property is one of the most important issues for countries attempting to increase and maintain significant participation in international trade. The fact that the number of new international rules created by various IP standard-setting bodies increases every year, imposes the need for more efficient and meaningful participation of developing countries in the work of these bodies. In his reference to coordination, the author includes the coordination of efforts by all participating developing countries at their own national levels as well as the coordination between developing countries at an international level.</p> <p>Extract from the <i>Executive Summary</i> (p. ix):</p> <p><i>“Both aspects of coordination are inextricably linked as coalitions of developing countries are most likely to emerge, on a sustained basis, only among countries that have a coherent and co-ordinated approach to IP policy making at the national level.”</i></p> <p><i>“Section II of the paper analyses the lack of coordination by developing countries in international IP rule-making as a result both of the growing complexity of global IP governance and the fragmentation of policy making on IP in many developing countries. It provides examples of how this lack of coordination can lead to inconsistencies in the positions taken by developing countries in international IP norm-setting.”</i></p> <p><i>“Section III focuses on improving coordination by developing countries at the national level in relation to international IP standard-setting. It highlights the</i></p>	

*examples of two developing countries (India and Brazil) and one developed (the Netherlands) which have established inter-ministerial coordination mechanisms that play an important role in the formulation of their positions in international IP related deliberations. This section underlines the importance of such coordination across government given the inherent limitations bearing on the participation of IP administrations of developing countries in international IP rule-making. It further stresses the need for technical assistance to be supportive of efforts of developing countries to develop such inter-agency coordination mechanisms.”*

*“Section IV assesses the coordination between developing countries in international IP standard-setting, particularly in the context of the WTO/TRIPS Council, WIPO and the CBD.”*

The paper finally provides “... a number of recommendations to be considered by developing countries in order to enhance their coordination in relation to international IP rule-making at both the national and international level”. Although the recommendations refer to the creation of IP policies, they are, to a great extent, relevant to the improvement of policy formulation in any other trade area. Some of them include:

- *“Developing countries should establish effective and inclusive inter-governmental coordination mechanisms in relation to participation international IP standard-setting, where all relevant ministries and government departments would participate, thus contributing to the institutionalization of the policy making process.”*
- *“Developing countries should examine the possibility of enhancing the role of their ministries of foreign affairs in ensuring the overall coherence of their positions in different fora and processes dealing with IP issues.”*
- *“Developing countries should work towards embedding their IP administrations in their wider development policies.”*
- *“Developing countries should broaden their representation at WTO and WIPO meetings so as to include representatives from government departments and agencies dealing with key areas affected by international IP standard-setting such as public health, the environment, agriculture, and education. Synergies should be established between developing country negotiators at WIPO and WTO, and developing country negotiators in other international fora where IP matters are examined, such as CBD, FAO, ITU, UNESCO, UNCTAD and WHO.”*
- *“Developing Countries with more than one mission in Geneva should ensure that there is appropriate coordination between negotiators dealing with the WTO/TRIPS Council and with WIPO.”*
- *“Developing countries which have one mission accredited to all international organizations in Geneva, should establish a focal point for IP matters, not only to follow WTO/TRIPS Council and WIPO, but also IP related issues*

<p><i>which would arise in the context of the work of other Geneva based international organizations.”</i></p> <ul style="list-style-type: none"> <li>– <i>“Developing Countries should seek the input of their permanent missions in Geneva in the context of negotiations on regional and bilateral free trade agreements.”</i></li> <li>– <i>“Developing countries should reconsider the role of regional groups in relation to standard-setting activities at WIPO so they do not represent a constraint on their efforts to promote cross-regional coordination on important substantive issues in the work of the organization” (p. x).</i></li> </ul> <p>Extracts from Section III that refer to inter-governmental coordination and policy coherence in relation to intellectual property at a national level have been reproduced integrally in the Excerpts of Publications Listed in the Annotated Bibliography.</p>	
<p>Lopez, J.G.A. (2005) ‘The Role of Ministries in the Public Policy Cycle: Spain’, paper presented at the Regional Workshop on Roles and Responsibilities in the Policy System, Budva, Montenegro, SaM (1-2 November). Available from: <a href="http://www.oecd.org/dataoecd/59/3/35935999.pdf">http://www.oecd.org/dataoecd/59/3/35935999.pdf</a></p>	<p>Public policy, the Centre of Government, functions of ministries, ministerial organization, inter-ministerial negotiation.</p>
<p>Mr. Lopez serves as an adviser to the President of the Government Office of Spain. In his report, he discusses three ministerial functions: initiative, negotiation, and support. Although not dedicated to trade negotiation, the discussion on the function of negotiation deserves some attention. What follows is an excerpt:</p> <p><i>“Negotiations with other ministries are carried out in two phases. In the first phase, during the preparation of the first draft and once the ministry has finalised its internal position, this negotiation is accomplished by request. The technical general secretary of the ministry is in charge of requesting the observations of other ministries on the draft proposal. If the observations made by other ministries are not accepted, the ministry heading the proposal must explain to the ministries concerned why their observations were not taken into consideration. The second phase of inter-ministerial negotiation is carried out through the General Commission of Secretaries of State and Undersecretaries. The Commission meets weekly and studies all of the issues that are going to be dealt with by the Council of Ministers that week. Normally a legislative proposal takes a minimum of three weeks to be approved by the Commission before the Council of Ministers can decide on it. Although the Commission formally meets in Wednesday s under the direction of the Ministry of the presidency, it functions</i></p>	

<p><i>permanently as a “Virtual Commission”. The “Virtual Commission” is a computer application allowing ministries to make observations on certain proposals via the web site of the Ministry of the Presidency” (p. 4).</i></p> <p>Monitoring and evaluation in Spain is said to be significantly underdeveloped. To remedy this problem, the current government has decided to create a Public Policies Quality Evaluation Agency which falls under the Ministry of Public Administration (pp. 5-6). In the section of the report on ministerial organization and policy development, the author focuses on those principal units in the ministry that are involved in the development of policy and the relationships that have been established between these units.</p>	
<p>Maniokas, K., &amp; Žeruolis, D. (2005) ‘Policy Development Capacities of Ministries: Lithuania’, paper presented at the Regional Workshop on Roles and Responsibilities in the Policy System, Budva, Montenegro, SaM (1-2 November). Available from: <a href="http://www.oecd.org/dataoecd/59/24/35936039.pdf">http://www.oecd.org/dataoecd/59/24/35936039.pdf</a>.</p>	<p>Policy development capacities, intra-ministerial, inter-ministerial, document management system.</p>
<p>Klaudijus Maniokas is an associate professor of European Studies, and Darius Žeruolis is a lecturer in Comparative Politics, at the University of Vilnius in Lithuania.</p> <p>This report reviews Lithuania’s policy development capacities through the policy cycle to defining priorities through monitoring and evaluation. It addresses both intra- and inter-ministerial coordination in terms of draft regulation coordination. Part two of this report presents the findings of three case studies in line ministries.</p> <p>The three ministries interviewed were: the Ministries of Social Security and Labour, Environment, and Transport and Communications. They were chosen on the basis of “<i>the criterion of non-overlapping competence (authority) in policy-setting</i>” (p.7). Although the report seems to put more discussion into intra-ministerial work and how this process is coordinated, it may give valuable insights or even be applied to an inter-ministerial context. These sections of the report offering insights into IMC include the ones on the drafting of ministerial inputs for the action plan to implement the Government Programme, legal drafting within Ministries, policy development, document management systems (and control of implementation). The sections on consultation (2.7) and communication (2.8) are strongly focused on inter-ministerial coordination.</p>	

This paper also addresses the institutional capacities for intellectual property policy-making, administration and enforcement that exist in poor countries and examines the “*levels of institutional capacity for addressing the challenges related to (a) formulating policy and legislation on IP; (b) participating in international rule making through organizations such as WIPO and WTO; and (c) administering and enforcing IPRs at the national level in line with international obligations*” (p. 6).

Section 3 of the paper addresses institutional challenges in developing countries. It is sub-divided into 6 smaller sections. The sections on “*Policy and legislation development*”, and “*Participation in international rule making and standard setting*” discusses issues regarding these countries’ capacity to coordinate policy and their representation or mission in Geneva are discussed in these sections.

Marconini, M. (2005) ‘Trade Policy-Making Process in Brazil’, paper prepared for the Trade Policy-Making Project conducted jointly by the Inter-American Development Bank (IADB), the Inter-American Dialogue and the University of Toronto. Available from:  
[www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/IA DBPaperofMarioMaroconini.doc](http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/IA DBPaperofMarioMaroconini.doc)

Restructuring the government, consultation on trade policy issues, trade negotiations.

The author recognizes the importance of the Miami Summit and the launching of the FTAA negotiations for Brazil, (“*the advent of the hemispheric negotiations was perhaps the single most important influence on Brazilian trade policy in the decade*”), and emphasizes that “*thanks to that initiative, Brazil underwent an internal restructuring of the government, alongside an equally impressive reshaping of its relationship to trade policy stakeholders*” (p. 4).

According to the author, “*the FTAA has made trade negotiations the most important item in Brazil’s trade policy for over ten years*” and “*thanks to it, a number of adjustments and redefinitions occurred in the country’s trade regime*”. Trade was previously a shared policy item between the three ministries and the Central Bank, nowadays but later on it did “*attract a number of other ministries and agencies within the government as the scope of issues negotiated had grown considerably*”. Also, “*the Government reacts to the new interests for participation in the formulation of trade policy and participation in the trade negotiations by organizing itself as well as it could to respond to negotiating demands while involving society in position-building exercises of various sorts*”. According to the author, In 2005, Brazil’s foreign trade policy became almost

fully equivalent to “*foreign trade negotiation policy*” (p. 4).

The author gives a detailed picture of Brazil’s trade policy and trade negotiation system. He recognizes that “*Brazil has an established procedure for consultation on trade policy issues – particularly insofar as trade negotiations are concerned*” (p. 6). According to him, the launch of negotiations with the FTAA changed the country’s system of trade policy and trade negotiations in a number of important ways, such as:

- The focus on ‘traditional’ trade, which only involved the movement of goods, was substituted by a much broader scope of the term, thus ‘forcing’ coordination on both domestic and international matters.
- Government ministries and agencies that were not implicated previously by trade agreements were now called to participate, inform the discussion and take a position on different matters.
- A myriad of civil society groups that had never given much priority to trade negotiations; they were suddenly highly interested in participating and expressed reservations about negotiation positions of the government.
- The government created thematic groups around different negotiation issues.

The author finds that “*the agenda for the consultations is set by government representatives – namely, coordinators from the Ministry of External Relations. It is largely determined by the priorities of the negotiations, as defined by the Ministry itself*” (p. 7). He also notes that “*strategic matters are usually fully absent from the consultations*”.

The author explains in detail the agenda, the level of participation by various groups in the process of consultation, as well as issues such as transparency and timing of the process itself. He stresses that “*the clear focus of consultations is to approach interested parties before the negotiations. Most of the meetings that take place, the contacts between officials and representatives from civil society, and any other form of consultation on trade negotiations do tend to occur prior to a particular negotiation. It is only natural that it should be so since it is before entering a negotiating room that the government has more flexibility to change its own positions*” (p. 10).

He also explains that the most important consultation tools are ‘*room-next-door*’ procedure as well as being a part of the negotiating delegation itself. The author recognizes that “*the only formal and institutionalized public-private consultation scheme is Mercosur’s Economic and Social Consultative Forum (FCES) and explains in details the consultation/negotiation process*” (p. 10).

ANNEX 1

<p>Marconini, M. (2005). Trade policy-making process in Brazil. Conference paper presented at the Workshop on Trade Policy Making in Developing Countries, London School of Economics and Political Science (LSE), May 25. Available from: <a href="http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/IADBPaperofMarioMarocconi.doc">http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/IADBPaperofMarioMarocconi.doc</a></p>	<p>Trade policy making, procedure for consultation, participation.</p>
<p>Mario A. Marconini (Consultant, and former Foreign Trade Secretary, Brazil) addresses Brazil's role in trade policies related to industrial policy, macroeconomic policy, foreign trade negotiation policy, and president Lula's cabinet policies.</p> <p>Following this, the paper addresses Brazil's trade policymaking process, and how the launch of FTAA negotiations changed this system in a number of important ways. The report also summarizes the current consultation system's main characteristics. The government's external relations and stakeholder participation in matters related to trade negotiations are discussed.</p> <p>Some elements regarding the structure of the consultation process are highlighted, in particular: representation by various business sectors and civil society groups; the issue of politicization of the process; forum-shopping (that is, sectors or groups go where their chances of being heard are the most promising, instead of approaching the most relevant institutions or ministries).</p>	

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<p>Narayan, S. (2005). Trade policy making in India. Conference paper presented at the Workshop on Trade Policy Making in Developing Countries, London School of Economics and Political Science (LSE), May 25. Available from:  <a href="http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/IndiaPaper.doc">http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/IndiaPaper.doc</a>.</p>	<p>Evolution of trade policy processes, inter-ministerial consultations.</p>
<p>Dr S. Narayan is a former economic adviser to the Prime Minister of India. An earlier part of this paper provided a brief background to India's trade and trade policy in different phases, split up into periods describing their background, how the trade policies became more liberalized and how India's trade policies were subsequently changed to reflect more liberal policy orientations. The paper mentions agreements made and how they affected India's economy". It addresses the improvement of administrative coordination between ministries, the involvement of parliament and other groups. It then discusses the evolution of the trade policy processes, the ministries involved, the three levels of India's trade policy, followed by India's experiences with TRIPS, agreements on agriculture, ITAT, WTO agreements, and regional trade initiatives.</p>	
<p>OECD (2006) Reviews of regulatory reforms. Regulatory reform in Switzerland. Government Capacity to assure high quality regulation. Available at:  <a href="http://www.oecd.org/dataoecd/42/48/36279389.pdf">http://www.oecd.org/dataoecd/42/48/36279389.pdf</a></p>	<p>OECD, Swiss Government capacity to formulate policy.</p>
<p>This report on <i>Government capacity to assure high quality regulation</i> analyses the institutional set-up and use of policy instruments in Switzerland. It also includes the country-specific policy recommendations developed by the OECD during the review process. The report was prepared for <i>The OECD Review of Regulatory Reform in Switzerland</i> published in March 2006. The Review is one of a series of country reports carried out under the OECD's Regulatory Reform Programme, in response to the 1997 mandate by OECD Ministers. Material relevant to inter-ministerial coordination are contained in pp. 10-50; p. 13 Box 2.3 pertaining to The Legislative Procedure in Switzerland, and chapter 3, "Administrative capacities for making new regulations.</p>	

The country reviews follow a multi-disciplinary approach to trade policy analysis and focuses on: (a) the government's capacity to manage regulatory reform, (b) competition policy and enforcement, (c) market openness, (d) specific sectors such as telecommunications, and (e) the domestic macro-economic context.

Delia Rodrigo, who works in the Public Governance and Territorial Development Directorate of the OECD, prepared this report. The report benefits from extensive comments provided by colleagues throughout the OECD Secretariat, as well as from close consultations with a wide range of government officials, parliamentarians, business and trade union representatives, consumer groups, and academic experts in Switzerland. The report was peer-reviewed by the 30 member countries of the OECD. It is published under the authority of the OECD Secretary-General.

Mbekeani, K.K. (2006) 'Inter-Agency Policy Coordination in Botswana', case study published by the WTO in the book 'Managing the Challenges of WTO Participation: Case Studies'.<sup>4</sup>  
Available from:  
[http://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/case6\\_e.htm](http://www.wto.org/english/res_e/booksp_e/casestudies_e/case6_e.htm)

Trade policy, trade negotiations, inter-agency coordination, negotiating capacity, consultations.

The main focus of this paper is the trade policy-making process in Botswana. It mostly describes how the government makes decisions related to its membership to the World Trade Organization (WTO). However, it also touches on other trade policy decisions influenced by Botswana's membership to several regional initiatives, the most important of which is the Southern African Customs Union (SACU).

As a country with very specific exports – primarily diamonds to the United Kingdom through a monopoly agreement with De Beers and beef to the EU with special preferential market access rights – Botswana's government has not seen the need to develop its own foreign trade policy until recently. This is because Botswana and all of the other SACU members suddenly saw the representation of their trade negotiation interests placed into the hands of South Africa's government. Due to the decline of its diamond exports and the erosion of EU preferential treatment, the international market for its two main trade products dwindled. Thus, Botswana began to develop a more diversified economy, which understandably required a corresponding foreign trade policy. It was then that the country began to feel the shortcomings of its institutionally weak trade policy-making process.

<sup>4</sup> Ibid.

This paper provides a detailed elaboration of the structure of the current policy-making process in Botswana and tries to identify its main weaknesses. These include like the lack of knowledge and understanding of trade issues by government officials, the frequent change in trade ministers, the lack of capacity to collect and analyse relevant foreign trade data, etc. However, one weakness which is specifically emphasized in this paper is the poor, inconsistent, inefficient, and very often completely non-existent process of consultation and coordination amongst the country's government agencies and between the government and other stakeholders.

*“The Department of International Trade [in the Ministry of Trade] is responsible for overall coordination of WTO negotiations. This coordination is carried out via ad hoc contacts between officials appointed by the relevant ministries and ad hoc meetings with relevant representatives from the public and private sectors. The department selects which other ministries participate in the consultative process.”*

*“There are many instances where the Ministry of Trade officials have attended important WTO General Council meetings without consulting the Ministry of Agriculture, even when the issues under consideration are related to agriculture. The mechanisms for intra-government coordination and consultation with domestic stakeholders are weak. The country's positions in the WTO are formulated through ad hoc consultative processes, which include a select number of government departments and the business society. A senior trade official in the Ministry of Trade drafts a position paper which is then shared between government departments and the permanent representative to the WTO. The paper is then passed on to Cabinet for approval without input from the stakeholders.”*

*“The Cabinet recently approved the establishment of a high-level trade negotiating committee composed of heads of ministries, state organizations and industry leaders. However, others are sceptical of the new arrangement. They feel that without improving the competence of the officials in the lead ministry — the Ministry of Trade and Industry — the committee will fail to provide the necessary guidance to negotiators and the mission in Geneva.”*

The author of this paper has identified inter-agency coordination as crucial to sound trade policy-making and successful representation of country's interests in the relevant multilateral, regional and bilateral negotiations.

<p>OECD (2003). Experience of the Baltic States in managing multilateral negotiations on trade in service. France: OECD Publications. Available from:  <a href="http://www.oilis.oecd.org/oilis/2002doc.nsf/43bb6130e5e86e5fc12569fa005d004c/d13bcb24c4d8ba98c1256d2f0053b26e/\$FILE/JT00144950.DOC">http://www.oilis.oecd.org/oilis/2002doc.nsf/43bb6130e5e86e5fc12569fa005d004c/d13bcb24c4d8ba98c1256d2f0053b26e/\$FILE/JT00144950.DOC</a></p> <p>(Prepared by Kalinova.B., Nielson, J. Valiukas, T.)</p>	<p>Intra-governmental coordination, consultation with other stakeholders.</p>
<p>Cited from the Introduction and Executive Summary:</p> <ol style="list-style-type: none"> <li>1. <i>“The paper presents the results of a survey on the Baltic States’ experience with intra-governmental coordination and consultations with domestic stakeholders carried out in preparation for multilateral negotiations on trade in services... The experience of the Baltic States has been considered particularly interesting as these countries have started to be involved in multilateral and regional trade negotiations only recently and their administrative resources are rather limited, yet their performance has been impressive.”(p.3).</i></li> <li>2. <i>“The present paper shows that though their external exposure is quite recent, the Baltic States have developed a well-functioning intra-governmental coordination system for preparation of WTO negotiations.”(p.3).</i></li> <li>3. <i>“The comparison of existing practices in the Baltic States to those in OECD countries reveals many common features, in particular as regards the role of a lead agency in WTO/GATS negotiations ...The Baltic States display a few distinctive characteristics, for example an extensive reliance on information technology in coordination and consultation procedures and a relatively limited use of background papers on GATS-related issues prepared by OECD or UNCTAD” (p. 3).</i></li> <li>4. <i>“Part I of this paper summarises the responses received to the questionnaire sent to the Baltic States. Part II highlights the main findings and briefly compares the answers of the three countries. Part III describes main similarities and differences in coordination and consultation procedures in the Baltic States compared to those adopted in some OECD countries, which were reviewed in the OECD Secretariat’s study. The last section suggests some issues for discussion” (p. 3).</i></li> </ol>	

<p>OECD SIGMA (1999) 'Control And Management System Baselines For European Union Membership'. Available from: <a href="http://www.sigmaweb.org/dataoecd/57/32/35007180.pdf">http://www.sigmaweb.org/dataoecd/57/32/35007180.pdf</a></p>	<p>Policy-making process, coherence, inter-ministerial consultations, coordination.</p>
<p>The baselines developed by SIGMA are set for six key areas of public management: Civil Service, External Audit, Financial Control, Public Expenditure Management Systems, Policy-Making and Coordination Machinery and Public Procurement Management Systems. In each of the areas, the baseline reflects standards of good practice in the EU Member States. They cover both the formal (legal basis, institutional framework) and dynamic aspects of such a framework. The baselines for Policy Making and Coordination Machinery are of particular importance and relevance because they treat issues such as the provision of clear procedures for inter-ministerial policy consultation (like providing for clear allocation of responsibilities and effective coordination between the ministries). They cover the following areas:</p> <p><i>1. Coherence of the Policy-Making Framework</i>  <i>The overall framework within which policy is made should be coherent, should be clearly set out in writing (e.g. in a law), and should be understood and accepted by all actors in the policy-making process.</i></p> <p><i>2. Inter-Ministerial Consultation on Policy Proposals</i>  <i>There should be clearly established arrangements for co-ordinating policy between ministries prior to proposals reaching the centre of government. These should ensure particularly that the financial, European Integration and legal implications of any proposal are adequately addressed, and more generally that any Ministry with an interest should be consulted. There should be arrangements to ensure that proposals put to the Council of Ministers are 'filtered' both at official and Ministerial level.</i></p> <p><i>3. Agenda-Planning</i>  <i>There should be systems for planning the government's agenda, to combine:</i></p> <ul style="list-style-type: none"> <li><i>– the immediate agenda of the Council of Ministers;</i></li> <li><i>– the agenda of the Council of Ministers and its satellite bodies in the medium term (i.e. the coming 3 to 4 weeks);</i></li> <li><i>– the government's strategic legislative programme e.g. measures to adopt the acquis.</i></li> </ul> <p><i>4. Dispute Resolution Mechanisms</i>  <i>There should be effective mechanisms for resolving disagreements between ministers on policy issues.</i></p>	

*5. Central Coordination Capacity*

*There should be an effective central administrative body with the capacity and authority:*

- to ensure that coordination arrangements are enforced;*
- to provide adequate logistical support to the centre of decision-making;*
- to ensure the recording and circulation of decisions;*
- to monitor the implementation of decisions (including the necessary secondary legal instruments).*

*6. Central Strategic Capacity*

*There should be a central capacity to provide advice to the Prime Minister, the Council of Ministers and committees of the Council of Ministers on overall strategic issues, and to advise them on the substantive and strategic implications of proposals.*

*7. Coordination of European Affairs*

*There should be arrangements to co-ordinate European Integration, including a mechanism for collective ministerial strategic supervision; inter-ministerial working arrangements with the capacity and authority to co-ordinate EU integration work internally and externally, and to monitor progress; an administrative unit or units to support those co-ordinating arrangements; and adequate EI capacity in ministries. The characteristics of these arrangements should be clear allocation of responsibilities, a strategic approach, effective coordination, and being an integral part of the work of ministries. and active commitment by all participants to carrying through purposefully the process of European Integration.*

*8. The Involvement of the Council of Ministers in Budget Decisions*

*There should be mechanisms at ministerial level to ensure:*

- that a collectively acceptable limit is fixed to government spending;*
- that discussions take place on the spending needs of each Ministry;*
- that disputes between ministers on budgetary matters can be resolved.*

*9. Impact Assessment*

*There should be mechanisms when preparing policy options – including secondary legislation and measures to implement the acquis in the local context – to assess:*

- budgetary cost;*
- economic impact;*
- social and environmental impact;*
- efficiency and practicability in implementation.*

*These mechanisms should include consultation with outside interests where appropriate, and should ensure that these assessments inform the final political decision. (pp.25-27)*

<p>OECD SIGMA (2005) 'Bulgaria Policy-Making and Coordination Assessment June 2005' and 'Bulgaria Policy-Making and Coordination Assessment 2003'. Available from:  <a href="http://www.sigmaweb.org/dataoecd/40/16/34990358.pdf">http://www.sigmaweb.org/dataoecd/40/16/34990358.pdf</a>  <a href="http://www.sigmaweb.org/dataoecd/3/6/35848779.pdf">http://www.sigmaweb.org/dataoecd/3/6/35848779.pdf</a></p>	<p>Decision-making process, policy making consultations, coordination, inter-ministerial coordination and consultation.</p>
<p>In 2003 and 2005, following the SIGMA project's Control And Management System Baselines for European Union Membership (a joint initiative of the OECD and the European Union), two assessments were written about Bulgaria's progress in the areas of policy-making and coordination. Since both assessments follow the same structure provided in the baselines, only the key conclusions of the most recent assessment (2005) has been presented below.</p> <p>Although the assessment notes the progress achieved by Bulgaria since the 2003 assessment in all the areas mentioned in the SIGMA baselines , the OECD's findings describe inter-ministerial consultation and coordination efforts and provide practical and useful examples from a country in its final stages of EU integration.</p> <p>In "1. Coherence of the Policy-Making Framework" (p.2), the assessment stresses that <i>"the decision-making process in Bulgaria has been stable in the past two years. It consists of a weekly "operational" meeting of members of the Council of Ministers (CoM), in advance of the formal Thursday meeting of the government. Unlike the formal meeting, the operational meeting is not attended by staff (except the Secretary General of the CoM Administration), and is devoted to political and strategic issues rather than quasi-legislative tasks. The operational meetings normally last one to two hours and deal with two or three important issues". "Since the operational meetings are not attended by staff and do not issue formal decisions, the Secretary General of the CoM Administration (the only official who attends) uses the weekly meeting of secretaries general of ministries to report on the discussions and transmit items for follow-up. The formal meeting of the CoM deals primarily with draft legal instruments and appointments".</i></p> <p>According to the assessment, <i>"the procedures for preparing draft laws and submitting them to the CoM are set down in a CoM decree dating from November 1999. Some amendments were made to the decree in 2000, 2001, and again in 2003. The procedures have remained quite stable over the past few years. At present, the draft of a sister decree is in circulation for comments by ministries. This decree includes rules for the preparation of legislative and</i></p>	

*general non-legislative acts, and it introduces important amendments to the process of preparation of items, including requirements for impact assessment, budgetary impact assessment, intra-ministerial and inter-ministerial coordination, public consultations, monitoring and evaluation. If passed and implemented, this decree will lead to significant improvements in the policy process in Bulgaria. The secretaries general of ministries and the heads of ministers' cabinets in ministries play an important role in the preparation and transmission of documents to the CoM. The present rules for preparation and submission of items appear to be clearly understood and widely accepted and followed. Ministries also appear to be supportive of the new rules about to be introduced by the new decree, which is now in the consultation process” (p. 2).*

*In “2. Inter-Ministerial Consultation on Policy Proposals” (p.2-3), the assessment describes the process of formal consultation in Bulgaria. “A minister making a proposal is required to formally consult all ministries before submitting the item for decision by the CoM. The proposing minister is required to inform the CoM of the outcome of inter-ministerial consultations and to indicate the reason why any comments provided during these consultations have not been incorporated in the final draft proposal. Most draft laws are prepared by working groups, which are either internal to the ministry (especially for ministerial regulation) or inter-ministerial, including officials from concerned ministries and often participants from outside the government (national associations, NGOs). While the quality of these working groups varies, they have the advantage of initiating discussions on proposals beyond the proposing ministry before formal approval within the ministry, and before the formal inter-ministerial consultation (“coordination”) process begins. In the case of important reforms, the process of consultation during the preparatory phase is often quite extensive” (p.2). The assessment also stresses that “in the case of important items (such as sectoral strategies), it has become common practice to prepare and discuss a “concept” paper prior to the drafting of the legal text. The use of such “concepts” still needs to be improved and to be more widely used, but a welcome start appears to have been made. The use of concepts was judged to be very useful by the Secretary General of the CoM Administration and by other secretaries general in line ministries” (p. 3).*

*“The Bulgarian system makes extensive use of “councils”, chaired by a member of the CoM, which operate as standing or ad hoc bodies on various topics to carry out coordination, analysis and information functions. At present, about 26 councils have been created under article 21 of the Law on Administration. Some of the more important councils (Council for Modernisation of the State Administration, Council for European Integration) are chaired by the Deputy Prime Minister, who is served by a political cabinet within the CoM Administration and also assisted by the civil servants in this Administration. The work of the inter-ministerial councils cited above has also stimulated the growing habit of early informal consultation”.*

<p><i>“While such councils are not formal “funnel” committees of the CoM, ministers are increasingly using them for discussion and coordination of major policy issues prior to reaching the full CoM. The exception is the Council on European Integration (EI), which acts as a formal channel for material to be submitted to the full CoM. Councils are also used to raise the profile and improve the management of strategic priorities and to improve sectoral coordination” (p. 3).</i></p> <p>The final conclusion of the assessment is that: <i>“Policy coordination among ministries is continuing to improve as a result of the increasing use of councils to co-ordinate strategic issues, the growing habit of informal consultations within the administration, and the more effective use of the weekly meeting of secretaries general. However, the quality of legislation needs to be improved and the policy capacities within ministries strengthened. Both inter-ministerial consultations and the preparation of items by ministries are likely to improve with the implementation of the new rules that are about to be adopted” (p. 3).</i></p>	
<p>Paugam, J. (2006) ‘The Road to Cancun: The French Decision-Making Process and WTO Negotiations’, case study published by the WTO in the book ‘Managing the Challenges of WTO Participation: Case Studies’.<sup>5</sup> Available from: <a href="http://www.wto.org/english/res_e/booksp_e/casestudies_e/case14_e.htm">http://www.wto.org/english/res_e/booksp_e/casestudies_e/case14_e.htm</a></p>	<p>Decision-making, negotiating proposal, trade negotiations, trade policy, political priorities, commercial interests.</p>
<p>This study reviews the trade policy-making process in one of the largest trading powers in the world, France. It focuses particularly on the characteristics of this process in the period from the summer of 2002 up to the Fifth Ministerial Conference of the World Trade Organization held in Cancun, Mexico in September 2003.</p> <p>As a member-country of the European Union, France does not participate directly in WTO negotiations. However, it plays a very important role in the formulation of overall EU trade policy and in defining the Community’s negotiating positions. In this study, the author describes the main institutional and organizational characteristics of France’s trade policy decision-making process and examines various influences which affect it, influences such as political strategy and lobbying, bureaucracy and the impact of organized interest groups and bilateral coalition making between EU member-states, etc.</p>	

<sup>5</sup> Ibid.

Although the study talks a lot about the business sector and the NGOs and their participation in the formulation of France's negotiating position, it also pays a lot of attention to the institutional setup which enabled France to translate its main policy objectives into a sound negotiating proposal. The trade areas examined in this study are: market access in agriculture, industrial products and services.

The internal (and EU) institutional setup patterns are described below:

*“Three features are particularly relevant for trade policy within the French democratic framework. The French Constitution grants pre-eminence to the president, over the government, on foreign policy (domaine réservé). The Trade Minister (Delegated to the Minister of Economy, Finances and Industry) runs a specialized administration (DREE - Direction des Relations Economiques Extérieures) within a strongly institutionalized inter-ministerial decision-making process: a secretariat (SGCI - Secrétariat Général du Comité Interministériel pour les questions de coopération économique européenne) headed by the Prime Minister's office exclusively clears French positions on EU policies. Parliament's involvement is slight.”*

*“As an EU member state, France promotes its positions through the EU Council of Ministers (Foreign Affairs); trade policy decisions are prepared by the Article 133 Committee, where the EU Commission consults with member states; other Council formations are also relevant, particularly those relating to agriculture, environment and development. To that end, building coalitions with other EU member states is needed. A good bilateral dialogue with the EU Commission, at all levels, is also considered a decisive channel.”*

An example illustrating how the French government officials responsible for trade handled the process of coordination and consultation is the issue of trade in services about which the members of Parliament and the NGOs initiated a political debate that required a 'heavy inter-ministerial process'. According to Fabrice Gourdeiller:

*“We started in November 2002 organizing sectoral meetings to identify the limits of our 1994 commitments, check the corresponding legislations, and assess our negotiating margins. In the end, we narrowed down to six sensitive issues needing discussion with the Commission. For the decisive 133 Committee meeting, only one technical problem was left, on Mode 4. We were not alone amongst member states. So the issue went to the Council of Ministers which eventually adopted the offer, with an interpretative statement. Mode 4 was especially difficult in the inter-ministerial debate because of conflicting bureaucratic cultures: DREE was unfamiliar with migration policies while the Department of Populations and Migrations had barely confronted the European process, much less the WTO.”*

<p>Priyadarshi, S. (2006) 'Decision-Making Processes in India: The Case of the Agriculture Negotiations' case study published by the WTO in the book 'Managing the Challenges of WTO Participation: Case Studies'<sup>6</sup>. Available from:  <a href="http://www.wto.org/english/res_e/booksp_e/casestudies_e/case15_e.htm">http://www.wto.org/english/res_e/booksp_e/casestudies_e/case15_e.htm</a></p>	<p>Decision-making process, international trade negotiations, agriculture, inter-ministerial coordination, state-level consultations, negotiating proposal.</p>
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In January of 2001, India submitted one of its most comprehensive proposals to the World Trade Organization (WTO). It was part of the multilateral trade negotiations called the Doha Development Agenda (DDA).<sup>7</sup> The proposal contained a detailed and comprehensive description of India's negotiating position concerning agriculture.

*"This study examines the manner in which this negotiating proposal was finalized, the consultations that were undertaken and the actual decision-making process that led to the submission of the proposal. It attempts to identify the main protagonists and the key stakeholders, the role that each one played in the process and the extent to which, in their view, they succeeded in getting their concerns reflected in the proposal."*

The decision-making process encompassed a complex network of coordination and consultation which had been described in the study. This network included federal government, state governments, business associations, academic institutions, think tanks and representatives of the civil society. Its main objective was to *"take into account the very diverse views and positions of the various stakeholders, while ensuring that a cohesive proposal could be prepared"*.

*"The process went through a number of different phases: the initial identification of the key issues; consultations with the non-governmental stakeholders, including industry associations; the initial drafting of the proposal; holding regional and inter-ministerial consultations; and the final approval by the Cabinet."*

The process did not go as smoothly as expected. Some of the people interviewed by the author still feel that *"the consultations were more of a formality rather than a process that led to significant changes"*. Even so, it is only fair to

<sup>6</sup> Ibid.

<sup>7</sup> The Doha Development agenda is the ninth round of multilateral trade negotiations organized under the auspices of the GATT and the WTO. It was launched at the Fourth WTO Ministerial Conference held in Doha, Qatar in November 2001.

<p>conclude that, in spite of its many shortcomings, the process included such an impressive number of stakeholders and so entailed many consultative meetings that it convincingly guaranteed the legitimacy of the consensus built around the agriculture proposal.</p>	
<p>Pengelly, T., &amp; Waite, V. (2003), 'Improving Trade Policy Coordination and Dialogue in Developing Countries: A Resource Guide', Nathan Associates Inc, Virginia. Available from:  <a href="http://www.nathaninc.com/NATHAN/files/CCPAGECONTENT/DOCFILE/NAME/0000503251/Improving%20Trade%20Policy%20Coord%20and%20Dialogue%20for%20Dev1%20Country%20E2%80%A6.pdf">http://www.nathaninc.com/NATHAN/files/CCPAGECONTENT/DOCFILE/NAME/0000503251/Improving%20Trade%20Policy%20Coord%20and%20Dialogue%20for%20Dev1%20Country%20E2%80%A6.pdf</a></p>	<p>Trade Policy Coordination, trade policy Dialogue, technical assistance.</p>
<p>The author observes that <i>“Most developing countries need technical guidance in creating a trade policy mechanism that integrates ministries of trade into national economic policymaking. This is because many aspects of national economic policy...affect trade performance and competitiveness. Poor coordination across government can have significant and immediate negative effects for developing countries when policies intended to expand trade and competitiveness are undermined by other economic policies”</i> (p. iii).</p> <p>This paper discusses some of the challenges faced by developing countries regarding trade policy coordination. It provides a list of some of the intervention measures adopted by donors and USAID in building trade policy capacity in government and with stakeholders outside the governments. They include:</p> <p><i>“Training in technical skills for trade policy analysis, awareness raising and information dissemination on trade agreements and negotiations, provision of long- and short-term trade policy experts as advisers to trade ministries, legal assistance for implementing new trade agreements into national legislation, support for trade policy analysis studies and participation in external trade negotiations, funding for public-private sector trade policy dialogue programs, and provision of IT resources and development of web-based information systems”</i> (pp. 9-10).</p> <p>Regarding the improvement of trade policy coordination within government, the paper addresses the importance of <i>“bringing authority under one national body”</i> (p. 12), having regular meetings with interagency committees and subcommittees, and how donors can support interagency coordination. It also addressed various sources of and guidelines for technical assistance. Examples include the development of human capacity and the exploitation of IT (p. 26).</p>	

ANNOTATED BIBLIOGRAPHY

<p>Peters, B. Guy. (1998), 'Managing Horizontal Government: The Politics of Coordination', Canadian Centre for Management Development Research Paper No.21, Minister of Supply and services Canada, Canada. Available from: <a href="http://www.myschool-monecole.gc.ca/Research/publications/pdfs/p78.pdf">http://www.myschool-monecole.gc.ca/Research/publications/pdfs/p78.pdf</a>.</p>	<p>Coordination, inter-ministerial committees/ organizations, policy administration, horizontal/vertical.</p>
<p>This paper discusses the need for policy coordination, the means by which to achieve coordination. "How do we translate his theorizing about coordination into effective management in the public sector? What instruments are available to promote coordination and what are their relative strengths and weaknesses?" (p. 15)</p> <p>Part V of this paper discusses different coordinative devices, e.g. the core executive; chief executive staff; central agencies; cabinet with a strong Prime minister or Minister of Finance; Ministers with an additional coordinative portfolio; advisory committees, interdepartmental committees, etc. It also addresses coordinating processes such as budgeting, regulatory review, evaluation, and something called 'coordination comments'.</p> <p>The reports included in the paper are based upon personal interviews with public servants in Canada, the UK, and Australia, who "occupied positions that had clearly defined coordination responsibilities, or were individuals identified by other respondents as particularly concerned with policy coordination" (p. 1).</p>	
<p>PUMA (1998). 'Best Practice Guidelines for Evaluation', <i>PUMA Policy Brief</i>, 5. OECD-PUMA. Available from: <a href="http://www.oecd.org/dataoecd/56/17/35060864.pdf">http://www.oecd.org/dataoecd/56/17/35060864.pdf</a>.</p>	<p>Evaluation, policy improvement, policy evaluation, policy effectiveness.</p>
<p>This policy brief is divided into three sections: 1) Getting the most out of evaluation (In this section, the brief defines what evaluation is, its objectives, its main actors, and its benefits and costs); 2) Organising the Evaluation Framework (In this section, the brief discusses practices in relation to improving the organization and use of evaluation across the public sector); and 3) Building Effective Evaluations (Here, the brief discusses practices and priorities for managing individual evaluations).</p>	

<p>A key section of this paper states “<i>A focus on results is a central element in recent public sector reforms in OECD countries. Evaluation is important in a results oriented environment because it provides feedback on the efficiency, effectiveness and performance of public policies and can be critical to policy improvement and innovation. In essence, it contributes to accountable governance. The objective of evaluation is to improve decision-making at all levels. Yet its actual use has often proved to be limited, especially in relation to key policy decisions and budget reallocations. These guidelines identify key issues and practices that OECD Member countries should consider when seeking to improve the use of evaluations. They focus on management of evaluation activities in government and management of individual evaluations rather than on methodological questions. It is not their role to determine when evaluation is the most appropriate input to the policy making and performance management process. That decision will best be taken by the Member countries themselves</i>” (p.1).</p>	
<p>Razeen, Z. (2004) ‘China’s Trade Policies and its Integration into the World Economy’, paper presented at the Workshop on Trade Policy Making in Developing Countries, London School of Economics and Political Science (May 25). Available from: <a href="http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/CHINATradepolicy-Razeen1.doc">http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/CHINATradepolicy-Razeen1.doc</a>.</p>	<p>Trade policy reform/ framework, decision-making process, WTO.</p>
<p>The following is a direct citation from the article (pp. 1-2):</p> <p><i>“Consider the following questions. How far has China’s economic opening come, and how much farther is it likely to go? What effect is it having on the world economy? What are the effects within China, on growth, poverty reduction and regional disparities? Where does China’s trade policy fit in the spectrum between liberalism and intervention? How does it relate to broad trends in domestic and foreign policies? What are the knock-on effects of China’s transformation on trade-related policies elsewhere? What is China’s place in the World Trade Organization, just three years into accession? What are its negotiating positions and strategies in the Doha Round? How does it interact with other WTO members, particularly the major players? What of China’s future in the WTO? What is China’s Free-Trade-Agreement (FTA) strategy? Will it become the FTA hub in east Asia? Finally, how should the rest of the world adapt, and engage China for mutual benefit?</i></p> <p><i>Making a stab at answering these questions will proceed as follows. I begin by setting China in the context of economic globalisation and policy reforms</i></p>	

*around the world. Recent Chinese trends in trade and foreign direct investment (FDI), and associated policy reforms, are cast in historical perspective, and compared to other countries and regions. Chinese policy reforms are then matched to economic performance, also in comparative perspective, and particularly in relation to the rest of the developing world”.*

The second section looks at China’s trade policy framework. It summarises the reforms from 1978 to the present, links them down to domestic economic policies, and up to foreign policy. The decision-making setting for trade policy is also outlined.

The next section focuses on China in the WTO. It gives China’s reasons for joining the WTO, casts a backward glance at its tortuous accession negotiations, and then dwells on China’s revolutionary WTO commitments. Then follows an assessment of China’s post-accession record of implementing WTO obligations, and of its WTO participation, especially in Doha Round negotiations.

The following section examines China’s trade policy on bilateral and regional tracks. It looks at China’s new FTA initiatives, particularly in its east Asian backyard.”

Reference Guide for Horizontal Integration (2005), published by the Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPAcee) with the support of UNDP and the social Transformation Program of the Netherlands Ministry of Foreign Affairs. Available from:

[http://www.nispa.sk/portal/files/publications/training/Guide\\_Horizontal\\_Integration.pdf](http://www.nispa.sk/portal/files/publications/training/Guide_Horizontal_Integration.pdf)

Public administration, policy-making, horizontal and vertical coordination, hierarchical coordination, coherence, institutions.

The Reference Guide for Horizontal Integration was prepared as part of the Project on Building Advisory Capacities in Central and Eastern European States funded by the UNDP. The Project’s main goal was to foster “... *the successful implementation of ongoing public administration reforms in the region through the development of the indigenous advisory capacities available for assisting and influencing governments of targeted countries in their policy making*” (Preface, p. 7).

*“The Guide deals with horizontal integration features accompanying EU accession and integration processes, argues for systematic reforms of PA [public administration] mechanisms and institutions as opposed to series of*

*singular decisions on implementation of acquis communautaire, and outlines the need for the development of coherent policies at national and EU levels”* (Preface, p. 7).

Although the Guide deals with coordination in the context of EU integration and membership processes, the analyses provided therein are universal and can be applied to any policy-making process in any country in the world.

The Guide is structured according to (a) the six core areas of public administration identified by the OECD SIGMA Project<sup>8</sup> and (b) the set of guidelines for public administration reform, the so-called SIGMA Baselines:

- “1. Coordination and policy-making system
2. Civil service
3. Public expenditure management
4. Public procurement
5. Internal financial control and
6. External audits” (p. 18).

The first core area, elaborated in Chapter II.1.1 of the Guide and entitled Coordination and Policy-Making Capacities in Member-States (MS), is of great relevance to IMC. It states:

*“Policy-making coordination is vital for MS to achieve coherent national positions and succeed in the European decision-making system. During the accession process, national coordination of EU policy is of the utmost important not only to present the national interests but also to provide identifiable and reliable institutions as negotiation partners”* (p. 25).

This Chapter includes issues such as hierarchical coordination, positive and negative coordination and institutional and organizational capacities of central governments for coherent policy-making. The entire text is provided in the Excerpts of Publications listed in the Annotated Bibliography.

Chapter III of the Guide analyses the importance of coordination for sound policy-making during the EU accession process. The authors specifically emphasize that lack of proper coordination mechanisms is likely to have the following two consequences: *“First, it reduces the government’s ability to formulate and defend what may be considered its national interest. Second, it reduces the likelihood of speedy and correct implementation of adopted EU policies and legislation by the parties left out in the initial decision-making process, which might therefore feel not obliged to adopt and/or apply the*

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<sup>8</sup> Joint project of OECD and the European Union launched in 1992 aimed at assisting the improvement of governance and public administration reforms in EU candidate countries.

<p><i>measure in question at the national level.</i>" (p.52). The most relevant parts of Chapter III, have been integrally reproduced in the Excerpts of Publications listed in the Annotated Bibliography document.</p>	
<p>Rice, E. (1991) 'Managing the Transition: Enhancing the Efficiency of Eastern European Governments', World Bank Policy Research Paper No. 757. Available from:  <a href="http://econ.worldbank.org/external/default/main?pagePK=64165259&amp;theSitePK=469372&amp;piPK=64165421&amp;menuPK=64166093&amp;entityID=000009265_3961003055814">http://econ.worldbank.org/external/default/main?pagePK=64165259&amp;theSitePK=469372&amp;piPK=64165421&amp;menuPK=64166093&amp;entityID=000009265_3961003055814</a></p>	<p>Economic reforms, transition to market economy, government efficiency, implementation of policy.</p>
<p>This paper summarizes the views of a number of World Bank experts on the situation in Central and Eastern Europe. Some of the author's findings provide practical proposals for enhancing the governmental institutions responsible for formulating economic policy in the transitional countries of Eastern Europe.</p> <p>Speaking of top level management in the central governments and policy-making capacity, the author emphasizes that <i>"the design and direction of economic reforms is heavily taxing the macroeconomic policy apparatus of every country of Eastern Europe"</i> (p. 4).</p> <p>There are <i>"three ways of enhancing the level of efficiency with which these governments make and implement policy: introducing policy coordination mechanisms, improving government access to information, and offering technical training for economic policy-makers"</i>.</p> <p>The paper states that <i>"the respondents express a general concern that, in each government ministry, ministers and their senior staff tend to operate in relative isolation from other ministries"</i>, while <i>"the executive branches lack a top-level focal point for promulgating, debating, and approving specific economic reform measures. Many respondents therefore argue that governments need (1) to develop a strategic vision of the transition and to manage its broad direction, and (2) to enhance policy coordination across ministries to ensure the quality, consistency, and prioritization of these measures"</i> (p. 4).</p> <p>While there is substantial disagreement about how this can best be achieved in each country, <i>"several countries are evaluating alternative types of transition policy apparatus, and each country will require a structure that fits its particular circumstances. This may simply consist of formal and informal contacts among economic ministers (as in Poland), an inter-ministerial coordination council (such as the one Romania proposes to introduce), or a</i></p>	

*temporary transition office or ministry, possibly including a technical secretariat". The paper also finds that "for the medium-term, it seems that all governments of Eastern Europe will have to expand their capacity to formulate economic projections and strategies". (p. 5).*

The author concludes that *"Eastern European governments will require dramatic institutional reform in order to achieve their ambitions to become market economies"* (p. 39). Although the governments of Eastern Europe *"...with astonishing speed have introduced vast number of legal changes"* and *"...reorganized some parts of the government bureaucracy and have plans to do much more"*, *"...it is apparent that structural forms can be changed on paper much faster than can actual functions and capabilities down the line"*. The author also concludes that *"it appears that much of Eastern Europe's reform press must necessarily take place independently of outside organization and assistance"* (p. 39).

Rudaheranwa, N., Atingi-Ego, V.B. (2006) 'Uganda's Participation in WTO Negotiations: Institutional Challenges', case study published by the WTO in the book 'Managing the Challenges of WTO Participation: Case Studies'<sup>9</sup>  
Available from:  
[http://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/case41\\_e.htm](http://www.wto.org/english/res_e/booksp_e/casestudies_e/case41_e.htm)

Trade negotiations, consultations, inter-ministerial committee, coordination, negotiating position, institutional capacity.

In addition to being a founding member of the WTO, Uganda is a member of many other multilateral, regional and bilateral trade initiatives such as the ACP,<sup>10</sup> the Cotonou Agreement, the COMESA,<sup>11</sup> the EAC<sup>12</sup> Customs Union, the AGOA<sup>13</sup> and the EBA<sup>14</sup> initiatives.

*"The effective use of these trade initiatives depends very much on how Uganda prepares for (and effectively participates in) the negotiation process in order to*

<sup>9</sup> Ibid, footnote 1.

<sup>10</sup> The group of African, Caribbean and Pacific countries.

<sup>11</sup> The Common Market for Eastern and Southern Africa.

<sup>12</sup> The East African Community.

<sup>13</sup> The African Growth and Opportunities Act.

<sup>14</sup> 'Everything But Arms' Initiative – European Union initiative that provides duty- and quota-free access to its market for all products originating in least-developed countries (LDCs), except arms and ammunition. Launched on 26 February 2001 by means of amending the EU Generalized System of Preferences (GSP).

*articulate and defend its interests. This is possible if preparations for (and the conduct of) the trade negotiations are well structured, co-ordinated and include all stakeholders, namely the government, the private sector, civil society and academia.”*

*“An effective trade policy framework requires the formulation of trade policy and strategy, the preparation and execution of negotiating strategies, the implementation of agreements, and the monitoring and evaluation of policies and agreements. This short study attempts to identify Uganda’s current capacity to prepare for, and participate in, WTO trade negotiations. It considers the processes taking place on national, regional and international levels and how they affect the formulation and coordination of Uganda’s participation in trade negotiations.”*

This study describes the existing institutional setup relevant for the process of trade policy formulation in Uganda. The institutional set-up includes in-country inter-agency coordination, channelled information exchange with the country’s Geneva representative and a broad process of consultations with various stakeholders, for example business associations, academia and the civil sector.

Although the institutional setup exists, it is characterised by many shortcomings which affect the quality of Uganda’s participation in multilateral trade negotiations and which weaken its negotiating position. There are many reasons for its underperformance and they all relate to the fact that Uganda, like other developing countries, lacks the institutional, financial and human capacities required to be able to formulate sound trade policy objectives, translate them into negotiating proposals and defend them in negotiations.

ANNEX 1

<p>Sáez, S. (2005) 'Trade Policy Making in Latin America: A Comparative Analysis'. Available from: <a href="http://www.esri.go.jp/jp/workshop/050316/050316ECLA-R1.pdf">http://www.esri.go.jp/jp/workshop/050316/050316ECLA-R1.pdf</a>.</p>	<p>Trade policy-making, negotiation, coordination, participation.</p>
<p><i>“This paper examines the way trade policy is formulated in a representative set of Latin American countries (mainly Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Peru, Uruguay, and Venezuela). The first section presents a brief analysis of the main trade reforms applied in the region and their outcomes. Section II discusses how the term “participation” is conceived in the formulation of public policies and the role it plays. Section III analyses participation mechanisms in the selected countries and their main players and the latter's involvement. The last section presents the main conclusions.</i></p> <p><i>The paper objective is to identify common elements and not to highlight the differences between countries. This approach does not ignore that some weaknesses are more important for some countries than for others, but the important message is that the problems raised are present in almost all the cases” (p. 4)</i></p>	
<p>Sally, R. (2003). 'Trade policy making in developing countries and their participation in the WTO: differences and divergence', in Gruzd, S (ed.), <i>Africa and International Trade: A Primer for Cancun and Beyond</i>, pp.50-54. South African Institute of International Affairs. Available from: <a href="http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Razeen_articles/agenda.doc">http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Razeen_articles/agenda.doc</a>.</p>	<p>Trade policy making, lead ministries, inter-agency coordination.</p>
<p>This paper addresses the issue of why most developing countries seem to be incapable of participating effectively in the WTO despite their active and continued participation. It starts by introducing one reason for their ineffective participation, their failure to introduce comprehensive and substantial trade policies. It highlights the importance of 'bottom-up' trade policy capacity building.</p> <p>It gives some general objectives and indicators of good trade policy-making, and provides some examples of good practice in trade policy management, i.e. relevant lead ministries, inter-agency coordination, and the WTO missions, etc.</p>	

ANNOTATED BIBLIOGRAPHY

<p>(e.g. Hong Kong, and Singapore). The author concludes his paper by suggesting that developing countries look to emerging markets for references, than to large, developed countries for assistance.</p>	
<p>Sen, J. (2003) 'Trade policy making in India: The reality below the water line', paper presented at the Workshop on Trade Policy Making in Developing Countries, London School of Economics and Political Science (May 25). Available from: <a href="http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/TradePolicyMakinginDevelopingCountries-Overviewofissues.doc">http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/TradePolicyMakinginDevelopingCountries-Overviewofissues.doc</a>.</p>	<p>Policy and decision-making, diplomatic coordination, consultation procedures, institutional and organizational changes.</p>
<p>In this paper, Sen tries to explain why trade policymaking is so problematic for India (one major reason is India's political climate). He then tries to resolve the problem of what went wrong when India put together its trade policy. He refers to India's performance in the Uruguay round, and at subsequent WTO ministerial conferences. Sen provides an analysis of the problems caused by the trade policymaking system, in particular the problems related to procedure (policy and decision-making, ratification, etc.) institutions (institutional support from non-state actors), diplomacy (coordination, negotiation teams, non-official networking, etc.) and political considerations</p> <p>The author also discusses the changes the Indian Government made to trade policy-making. Changes relating to consultation procedures and other institutional and organizational changes are addressed. Suggestions for reform are provided at the end, for example, a domestic Trade Policy Review Mechanism under the Planning commission "<i>to keep trade issues under systematic and constant review, and to keep parliament and state governments abreast of domestic policy issues in this vital area</i>".</p>	

## ANNEX 1

<p>Sen, J. (2005). Trade Policy Making in Developing Countries: an overview of the issues. Conference paper presented at the Workshop on Trade Policy Making in Developing Countries, London School of Economics and Political Science (LSE), May 25. Available from:  <a href="http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/TradePolicyMakinginDevelopingCountries-Overviewofissues.doc">http://www.lse.ac.uk/collections/internationalTradePolicyUnit/Events/May2005/TradePolicyMakinginDevelopingCountries-Overviewofissues.doc</a>.</p>	<p>Organization issues, internal and external consultation procedures, trade and commercial intelligence.</p>
<p>This paper serves as a summary of the other four papers (China, Brazil, India, and South Africa) presented in the Workshop. The author tries to identify some of the procedural and systematic features – of the evolution of trade policy-making, policy reform, organizational issues, internal (official) consultation procedures, external (non-official) procedures, trade and commercial intelligence, and the mission in Geneva – common to all four of these countries.</p>	
<p>SIGMA (2006). Brainstorming in the Balkans: Regional Workshops in Budva, Montenegro. <i>Update</i>, 11. Available from:  <a href="http://www.oecd.org/dataoecd/56/43/35963403.pdf">http://www.oecd.org/dataoecd/56/43/35963403.pdf</a>.</p>	<p>Policy-making process, ministries, Macedonia Government.</p>
<p><i>Update</i> is the SIGMA's newsletter. This issue focuses upon two regional workshops on the topics of "Role and Responsibilities in the Policy System" and "Public Administration Reform and EU Integration" held in Budva in November and December of 2005.</p> <p>The main issues from the first workshop relating to policy cycle and the respective roles of government secretariat and line ministries are addressed. The basis for this is the issues paper prepared by SIGMA. Four other roundtable sessions have been included; they were aimed at answering two questions: (a) How was it done and (b) who did what? The four areas of focus were: 1) setting policy agendas, setting priorities, planning policy and government output; 2) preparing policy proposals and legal drafts: analysis, consultations, finalization and submission to government; 3) procedures and the competencies of a government's secretariat: how proposals are reviewed, assessed, and discussed in working bodies, how are they decided and followed up by government; and 4) implementing, monitoring and evaluating policy: eleven expert papers were</p>	

presented in the workshops (most of them have been included in this bibliography).

The other workshop “highlighted the importance – for both EU accession and economic development – of sound regulations for administrative decision-making and for judicial review of policy-makers from the region on these issues and encourage a continuous exchange among practitioners, in particular civil servants and judges, to improve implementation and practical application of administrative procedures legislation. [...]the workshop examined in separate modules and discussion groups three main issues—administration reforms, administrative procedures, and administrative justice, Experts from the region (Albania, Croatia, and Serbia and Montenegro) joined experts from EU Member States (France, Germany, Hungary, Portugal and the UK) in presenting various topics related to administrative procedures and administrative justice from a country perspective” (p. 7). Eleven papers were presented, and some are included in this bibliography.

This issue of *Update* also includes two articles by Snezana Stankovic from the Macedonian Government and Srdja Vranic from Bosnia & Hersegovina. Stankovic is the Secretary-General of the Government. Her topic is “The Role of the General Secretariat of the Macedonian Government and Ministries in the Policy-making Process”.

WTO (2005). <i>Managing the Challenges of WTO Participation – 45 Case Studies.</i>	Case studies, participation of countries in WTO process.
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The paper’s abstract states the following: “*This compilation of 45 case studies documents disparate experiences among economies in addressing the challenges of participating in the WTO. It demonstrates that success or failure is strongly influenced by how governments and private sector stakeholders organise themselves at home. The contributors, mainly from developing countries, give examples of participation with lessons for others. They show that when the system is accessed and employed effectively, it can serve the interests of poor and rich countries alike. However, a failure to communicate among interested parties at home often contributes to negative outcomes on the international front. Above all, these case studies demonstrate that the WTO creates a framework within which sovereign decision-making can unleash important opportunities or undermine the potential benefits flowing from a rules-based international environment that promotes open trade.*” ([http://onlinebookshop.wto.org/shop/article\\_details.asp?Id\\_Article=701](http://onlinebookshop.wto.org/shop/article_details.asp?Id_Article=701))

ANNEX 1

<p>The Task Force on the Coordination of Federal Activities in the Regions (2002). 'Final Report of the Task Force on the Coordination of Federal Activities in the Regions', Treasury Board of Canada Secretariat. Available from:  <a href="http://www.tbssct.gc.ca/rccr/task_force_report/page_1_e.asp#0_53">http://www.tbssct.gc.ca/rccr/task_force_report/page_1_e.asp#0_53</a>.</p>	<p>Horizontal coordination, accountability, coherence, good management practices.</p>
<p>This report focuses on the coordination of federal activities in the Regions. It does not specifically address trade-related issues, but a substantial portion is allocated to horizontal coordination mechanisms at the federal and regional levels. At the end of the report, the task force makes some recommendations which involve both departmental and central agency change.</p> <p>For example, it recommends “a stronger relationship between the Privy Council office and the Regions be established, through a monthly conference call for information exchange among Federal Council Chairs, PCO Secretariats... to focus on emerging issues, regional perspective on policy development...” (p.20). Recommendations such as this could be applied to other contexts; they provide insights to our research on coordination.</p>	
<p>United Nations Environment Programme (2003). <i>Defining Capacity Building Needs Related to Integrated Assessment of Trade-Related Policies</i>. Available from:  <a href="http://www.unepunctad.org/cbtf/events/jamaica/CBQsCPs1103ansr1.pdf">http://www.unepunctad.org/cbtf/events/jamaica/CBQsCPs1103ansr1.pdf</a>.</p>	<p>Inter-ministerial cooperation and coordination, integrated assessment of trade-related policies.</p>
<p>This document contains eight questions which were drafted on the basis of discussions and questions raised in a number of capacity building workshops conducted by UNEP in Africa, Latin America and the Pacific region. These workshops were primarily related to integrated assessments of trade policies. Responses to the questions raised were provided by UNEP project leaders with experience in integrated assessment of trade liberalisation of the rice sector.</p> <p>Examples of the type of questions raised are: “What recommendations can you make from your experience in enhancing inter-ministerial cooperation and coordination on policy-making?” “Given your experiences so far, in what ways would you change the methodologies for integrated assessment in order to promote more inter-ministerial cooperation?”</p>	

<p>Zagrobelny, B. (2005) ‘The Role of Ministries in the Development of Policy and Law: Poland’, paper presented at the Regional Workshop on Roles and Responsibilities in the Policy System, Budva, Montenegro, SaM (1-2 November). Available from: <a href="http://www.oecd.org/dataoecd/59/53/35935841.pdf">http://www.oecd.org/dataoecd/59/53/35935841.pdf</a>.</p>	<p>Policy development capacities, role of government departments.</p>
<p>Mr. Zabrobenny is the Deputy Director of the Department of European Economic Affairs in the Ministry of Economic Affairs and Labour of Poland. His report is based on the experience of the Ministry of Economic Affairs and Labour. It addresses the role and responsibilities of the Minister, the Director General, and other staff.</p> <p>It gives an overview of the ministry’s policy and legislative process. It also discusses the process of preparation of a policy and laws within the ministry. The report does not have much substance relating to inter-ministerial coordination.</p>	
<p>Koen, V., Peters, G., Beuselincx E., Meyers F. and Bouckaert, G. (2005) “How coordination and control of public organizations by government interrelate: an analytical and empirical exploration.” SCANCOR/SOG. Stanford University. April, 1-2 2005. 36 p. Available from: <a href="http://www.sog-rc27.org/Paper/Scancor/coordination_scancorpaper_definitive.pdf">http://www.sog-rc27.org/Paper/Scancor/coordination_scancorpaper_definitive.pdf</a></p>	<p>Coordination, control, public organizations, Belgium, Flanders.</p>
<p>This work considers the conceptual link between the coordination of public organizations by government and the single public organisation’s political control. The authors present analytical concepts of coordination and control and then explore the potential links between them. The hypothesis tested is: “<i>the use of a specific coordination mechanism by government to co-ordinate the activities of its public organizations (and others bodies) goes together with the use of specific forms of control of single public organizations in order to perform well</i>” (p. 7). The authors’ theoretical analysis is supplemented with empirical data, obtained through a 2002-2003 survey of public organizations in Flanders.</p>	

Coordination mechanisms are divided into three types. The first type is coordination by hierarchy. This type of coordination is based upon authority and dominance. The authors assume that for "*hierarchy-type-mechanisms*" the forms of control will be: an *ex ante* control, high level structural control, a strong dependence upon budget allocation from the government (which ensures financial control).

The second type of coordination is provided by *network-type-mechanisms*. This type of coordination is based upon trust and interdependencies, i.e. the establishment of common values and strategies. In spite of the fact that networks are generally created spontaneously, governments may facilitate this process by creating "*common information systems, collective decision making structures*". According to the authors, network coordination requires the following types of control: an *ex post* control, low levels structural control, and less financial control than in the hierarchy.

The third form of coordination is provided by *market-type-mechanisms*. This type of coordination is based on "*competition and exchange between actors, aiming to create incentives for performance*" (p. 5). Again, as in the case of networks, markets establish coordination spontaneously, but governments can deliberately "*create and guard markets*". Market-based coordination assumes the following control mechanisms: an *ex post* control, rather low levels of structural control, low financial control. The authors were unable to confirm their main hypothesis after empirical analysis. It turned out that:

*"the government does not make any difference in the way it controls the public organizations for public organizations co-ordinated by networks or markets and public organizations not co-ordinated by such mechanisms, or that it uses coordination mechanisms independently of the way it controls the involved agencies"* (p. 22).

The authors provide explanations for this result and conclude that government control is not only driven by economic rationales and can sometimes even be irrational or politically rational. It depends on country specific historical-cultural paths and task-specific features.

<p>Meijers, E. (2004) "Policy integration: what does it mean and how can it be achieved? A multi-disciplinary review". Paper for the Berlin Conference on Human Dimensions of Global Environmental Change, Berlin. Available from: <a href="http://web.fu-berlin.de/ffu/akumwelt/bc2004/download/meijers_stead_f.pdf">http://web.fu-berlin.de/ffu/akumwelt/bc2004/download/meijers_stead_f.pdf</a></p>	<p>Policy integration, coordination, government.</p>
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This study aims at providing a multidisciplinary review of the concept of policy integration. Various concepts and theories relating to policy integration are reviewed. Moreover, facilitators and inhibitors of policy integration have been identified.

Meijers starts his paper with an overview of definitions; he includes such concepts as coordination, intergovernmental management, holistic government, collaboration, policy networks and policy integration. In spite of the fact that all of these notions generally refer to the same phenomena, the author makes several distinctions between them.

For instance, policy coordination is more formal than cooperation and its main goal is to make sectoral policies more consistent. At the same time integrated policy making is more about providing a single joint policy for all the sectors involved. Meijers notes: *"Although coordination and co-operation are part of the process of policy integration, they do not account for the entire process. Integration is more demanding for the stakeholders involved in the process. In general, policy integration requires more interaction, accessibility and compatibility"* (p. 5). In other words, integration is the most advanced level and is equal to *"holistic government, joined-up government, and cross-cutting policy making"*.

The author reviews the literature related to policy integration inhabitants and facilitators. Meijers believes it is possible to distinguish the following groups of factors which can potentially be policy integration facilitators or inhibitors: *interpretative factors (values, attitudes, perception etc.), contextual factors or internal factors (decentralization, professionalism, geographic proximity, costs, fragmentation of government)*. There are also other behavioural, financial, political factors. These are: *leadership, commitments, level of closeness of networks, willingness to collaborate, need for fund, etc.*

Meijers concludes his report saying: *"integrated policy making will therefore always be a delicate balance between facilitators, inhibitors, costs and benefits and can therefore never be taken for granted. Moreover, there may well be a*

<i>gap between the need for coherent policies and the capacity to achieve it</i> (p. 12).	
O'Toole, L. (1997) "Treating networks seriously: Practical and research-based agendas in public administration". <i>Public Administration Review</i> , vol. 57, No. 1, pp.45-52.	Networks, public administration, normative, conceptual and descriptive agenda.
<p>In this article, O'Toole considers the concept of networks, their importance and relevance to current issues of governments and their place in the field of public administration. The author claims that most of the discussion about networks has been vague. He provides a proposal for what he thinks should be on a scholar's conceptual, descriptive and empirical agenda. He suggests that scholars incorporate the concept of networks into public administration theory and that they develop practical recommendations for practicing managers to cope with network settings.</p> <p>The author defines networks as "<i>structures of interdependence involving multiple organization or parts thereof, where one unit is not merely the formal subordinate of the others in some larger hierarchical arrangement</i>" (p. 45). Important here is that networks include not only formal structures but extend beyond this. The glue connecting network actors can be "<i>authority bonds, exchange relations, and coalitions based on common interests</i>". This peculiarity makes it difficult for formal authorities to exercise power over networks.</p> <p>O'Toole argues that there is no comprehensive theory which suggests how one is to cope with the issue of networks. According to him, conventional theory based on hierarchical relations, when complex task can be divided into small components and treated separately, does not work in the current environment of network structures. Therefore, development of a comprehensive theory for an emerging "<i>networked world</i>" is crucial. The author presents several recommendations for public administrators operating in a "<i>networked world</i>":</p> <ul style="list-style-type: none"> <li>– Administrator should understand that giving directives may not work in network structure.</li> <li>– Administrators should conduct surveys to reveal the boundaries of their networks.</li> <li>– Administrators should be able to identify coordination points to serve most interests and connect all nodes in the network</li> <li>– Administrators should build trust among participants.</li> <li>– Administrators should "alter the network structure toward a more favourable array". For instance, to shift networks towards more supportive coalitions or to establish well-functioning arrays to decrease uncertainty and complexity.</li> </ul>	

<p>The author concludes his work by providing what he thinks is the most important issues which should be on public administration theory's conceptual and normative agenda.</p>	
<p>OECD (2000) "Government Coherence: the Role of the Centre Of Government. Meeting of Senior Officials from Centres of Government on Government Coherence: the Role of the Centre of Government". Budapest. Available from: <a href="http://www.oecd.org/dataoecd/42/52/33981740.doc">http://www.oecd.org/dataoecd/42/52/33981740.doc</a></p>	<p>Government coherence, Centre of government, coordinating structures, tools.</p>
<p>This paper, prepared by OECD, presents an analysis of the role of the centre of government in government coherence. The first section of the paper considers the notion of coherence, types of coherence, its importance and the role of the centre of government in providing coherent government policy. The second section presents challenges to coherence. Tools for increasing coherence are described in the appendix. In short, the whole work can be considered a brief guideline for strengthening government coherence.</p> <p>Strengthening policy coherence is defined in the paper as "<i>a question of reinforcing the collective decision making, communication, learning and implementation capacities of government in the face of pervasive and profound change</i>" (p. 2). There are three dimensions of coherence: horizontal, vertical and temporal coherence.</p> <p>Horizontal coherence implies strengthening coherence across ministries or other agencies and divisions with regards to conflicting policy goals. Vertical coherence ensures that services provided to citizens are consistent with the "<i>original intentions policymakers</i>". Temporal coherence is related to ensuring that "<i>today's policies continue to be effective in the future by limiting potential incoherence and providing guidance for change</i>" (p. 3).</p> <p>According to the authors: "<i>the effectiveness of the Centre support for coherence depends on its capacity to carry out the following functions:</i></p> <ul style="list-style-type: none"> <li>– <i>a strategic overview of governmental policy activities;</i></li> <li>– <i>a co-ordinated view of where new policy proposals stand in relation to existing policies and the government's overall objectives;</i></li> <li>– <i>reducing the risk of policy conflicts by ensuring that all affected interests are involved at appropriate stages of policy development;</i></li> <li>– <i>establishing authoritative mediators and arbitrators;</i></li> <li>– <i>communicating policy decisions to all concerned players and implementation oversight;</i></li> </ul>	

<ul style="list-style-type: none"> <li>– <i>maintaining links to other advisory streams while staying close to the head of government;</i></li> <li>– <i>maintaining collaborative working relations with and among all sectors of the administration;</i></li> <li>– <i>applying effective regimes of performance management and policy evaluation” (p. 3).</i></li> </ul> <p>However, all these functions are not enough to ensure coherent policy and there are several challenges to coherence. Firstly, a culture of coherence must be supported by strong commitment by policymakers and managers. Secondly, one of the centre of government’s priorities must be to set overall objectives and highlight those which have priority over others. Thirdly, civil society should collaborate with government and manage pressures from interest groups. Lastly, fostering coherence should not result in high costs. More detailed information about these challenges and the tools for increasing incoherence are provided in the paper with excerpts from all articles.</p>	
<p>Peters, G. (1998). “Managing Horizontal Government: The Politics of Coordination” Research Paper No.21, Canadian Centre for Management, Development Minister of Supply and Services Canada, Canada. Available from: <a href="http://www.cspsefpc.gc.ca/pbp/pub/pdfs/P78_e.pdf">http://www.cspsefpc.gc.ca/pbp/pub/pdfs/P78_e.pdf</a></p>	<p>Coordination, horizontal government, new public management.</p>
<p>This paper’s goal is to explore the challenges government faces in the pursuit of more coordination in public policy. The analysis is based upon a series of interviews with senior public servants in Great Britain and Canada and supplemented by a review of academic literature.</p> <p>The author starts his paper with definitions of ‘coordination’ and ‘horizontal government’ and their importance to government. According to Peters “<i>both terms refer to the need to ensure that various organizations ... work together and do not produce either redundancy or gaps in service</i>” (p. 6). He provides a policy coordination scale; the levels range from a ‘<i>minimalist</i>’ level of coordination in which organizations just try not to duplicate and interfere with one another, to a ‘<i>maximalist</i>’ level which supposes uniform standards of coordination. . Neither level is really achievable in practice.</p> <p>Coordination is very important to government for several reasons. First, coordination can eliminate redundancy and duplication of programs. Second, coordination is required to deal with ‘cross-cutting issues’; different client groups must be provided with comprehensive, integrated services and programs.</p>	

Third, coordination is crucial because of the increasing international dimension of policy places and membership in international organizations. In such cases, coordination can ensure greater internal coherence in government.

Peters proceeds to present theoretical instruments that promote coordination. However, two important aspects of coordination should be mentioned before considering these. Firstly, the author distinguishes between coordination in administration and administration in policy. Administrative coordination is related to service delivery or implementation ('bottom-up' orientation) while policy coordination is related to initial policy formulation ('top-down approach'). Peters claims that the choice between the two is a false dilemma. "*...to be truly effective, governments require both forms of coordination*" (p. 16). Secondly, the question is how coordination should be produced? Should it be through imposition or through bargaining?

Peters distinguishes three main streams in the imposition or bargaining dichotomy literature: hierarchy, markets, and networks. Hierarchy represents an imposition alternative when "*central administrative and political figures take the lead in generating the necessary cooperation among organizations*". Hierarchical coordination can lower the transaction costs of coordination, but can be difficult to implement because of lack of information.

In contrast to hierarchy, the market approach assumes that coordination results from bargaining and the exchange between 'buyers' and 'sellers'. "*Their relationships are largely impersonal, and depend only upon the possibilities of making an exchange that is perceived by both to be advantageous*" (p. 19). The author argues that not all relationships can be co-ordinated through markets and exchange. For instance, there are some spheres where organizations have complementary goals. In addition, "*mutual adjustment among interested parties could be different from those sought by legislators who wrote the law, or even perhaps those at the top of hierarchies responsible for implementing the law*" (p. 20).

Networks are another bargained means of coordination. Networks differ from markets in their relationships, which are based upon interests and commitments rather than exchange. Unfortunately, networks are also unable to guarantee successful cooperation and they are even more uncertain than markets.

Having described the theoretical aspects of coordination, Peters considers agencies, organizations and processes, which manage policy coordination and provides examples from different countries. For example, the core executive and chief executive staff can be the locus for management of cross-cutting policy issues, but, according to Peters, relying upon central agencies (organizations that report to a chief executive) is a more general strategy.

However, this can also be a source of conflict with the line ministers who actually provide the services. Other examples of coordinating agencies are:

cabinet committees, ministers without portfolio or with additional coordinative portfolio and junior ministers. The last option also has its disadvantages. For instance, this can lead to work overload of Junior ministers and additional work pressure... Junior ministers can have less power and be constrained and hence have to put more effort into to succeeding in coordination. The author also names advisory committees, inter-ministerial organizations, working groups, task forces, interdepartmental committees as structures, which can influence coordination activities.

In addition to the above-mentioned agencies, there are processes which can foster organizations to *“consider the implications for their policy choices for other organizations, and for clients”*. Peters names the following processes: budgeting, regulatory review and evaluation. Budgeting may have an impact on coordination through assessment of costs and benefits of different programs. In addition *“...senior political and/or administrative officials examine expenditure requests, requiring the advocates of programs to justify their expenditures. And then impose some collective priorities on public spending”* (p. 39).

Regulatory review is related to the process of issuing new regulations. In this case, the resulting secondary legislation should be reviewed by authorized agencies for coherence and compatibility with other programs. Evaluation can also be used as a tool to detect programs which are inefficient because of their failure to co-ordinate. However, evaluation is usually limited by its orientation towards single programs.

Informal organizations can also have an impact on coordination (parties, interest groups, civil service network). Peters notes: *“One of the purposes of political parties is to provide a relatively integrated vision of policy and to attempt to implement that visions once they take office”* (p. 42). This is more relevant in the case of one-party governments. However, the capacity of parties to promote cooperation and elaborate common direction to policy is strongly limited by their left-wing orientation.

The author considers the issue of coordination from the perspective of New Public Management (NPM). Since many strategies in NPM are directed towards *“disaggregating larger structures within governments, developing strong corporate cultures within the newly formed specialized entities, and developing a strong entrepreneurial spirit within each individual government organizations”* (p. 44). Peters claims that all these diminish incentives for managers to cooperate.

At the end of his work, Peters provides lessons for a would-be coordinator. The first lesson is that structural changes by themselves cannot produce changes in behaviour. The author suggests that political leaders, especially at the very top of government, can facilitate these changes. The second lesson is: *“there is often greater willingness to co-ordinate programs at the bottom of organizations than*

<p><i>there is at the top</i>" (p. 48). The third lesson is that timing is of crucial importance. Practitioners should find the appropriate time to raise the question of coordination. The final lesson is that informal methods (bargaining) may very often be more beneficial than formal organizational mechanisms.</p> <p>In sum, this paper shows that there many ways to enhance and facilitate cooperation, but any structural change or changes in processes should be supported by the will of people both at the highest and lowest levels.</p>	
<p>Peters, G. (2004). "The Search for Coordination and Coherence in Public Policy: Return to the Center?" Paper for the Berlin Conference on Human Dimensions of Global Environmental Change, Berlin. Available from: <a href="http://web.fu-berlin.de/ffu/akumwelt/bc2004/download/peters_f.pdf">http://web.fu-berlin.de/ffu/akumwelt/bc2004/download/peters_f.pdf</a></p>	<p>Coordination, public policy, comparative study of government, NPM .</p>
<p>The paper's goal is to analyse the impact that significant reform and change in coordination and coherence have on national public policy in the public sectors of many countries. The author also shows how contemporary states try to retain the positive results of their initial reforms while at the same time trying to achieve more integrated and coherent governance.</p> <p>Peters highlights two different sources for the change and reform in countries. These changes and reforms were supposed to enhance their government's efficiency. The first source for change is closely connected to the ideas of New Public Management (NPM). "<i>The fundamental notion of this approach to administration, and to governing more generally, is that government will perform better if the senior managers in the public sector are given greater control over policy and administration</i>" (p. 2). In other words, the main idea of NPM is that governments should be made responsible for setting broad patterns of policy, but that the implementation of that policy should become the responsibility of other actors. Very often services are contracted out to private agents who work more efficiently than public agencies.</p> <p>The second source of change in public policy is connected with a more participatory form of government '<i>The participatory reforms have assumed that government organizations can be more effective if the lower echelons of government and the clients of public organizations are empowered to make more decisions</i>' (p. 2). This approach differs from that of NPM in which senior managers in public organizations are empowered.</p>	

Peters claims that in spite of the differences in these two approaches, both have the same effect: they move decisions away from top executives and politicians and assume that managers and clients are capable of making policy decisions. In spite of the positive effects of the reforms discussed several issues appeared. These issues are related to governments' reduced ability to co-ordinate and make more coherent national policies. This is especially important to the globalized and Europeanized world. Moreover, *"the forms of decentralization that have been developed for service delivery present significant problems of accountability for government officials and for citizens"* (p.4). This happens because the newly created agencies and private agents are often far removed from the direct control of ministries and work *"on the basis of efficiency rather than political values"*.

All the above-mentioned problems have led to a reconsideration of the role of the centre of government as a source of *"political ideas and initiatives"*. Peters describes two consequences of this change. Firstly, top government officials must develop and spread common values and ideas. Secondly, there should be *"development of enhanced means of coordinating within government"*.

The author distinguishes four forms of coordination: (1) 'Negative coordination' is when public agencies do not interact with one other and do not interfere with one another. (2) 'Positive coordination' assumes not that programs are mutually recognized but also that parties have agreed to cooperate in the delivery of services. (3) 'Policy integration' is the third form of cooperation. In this form, the goals pursued by public organizations are supposed to be co-ordinated. This may require *"substantial bargaining and imposition of the authority from the top level government"*. *"Development of strategies"* is the final stage. *"This level of coordination requires strategies that will not only cut across the usual organizational lines in government, and produce substantial agreement on general goals among public organizations, but also have a clear vision or the future of policy and government, and for the future of the policy areas involved"* (p. 6). As an example of the final stage of coordination one may consider sustainable development. Here, agencies have different strategies and goals, but share a commitment to a sustainable environment.

Peters describes *"recentering of governance in the continuing context of decentralization and deconcentration of service delivery"* as a *"strategic state"*. In this framework political leaders at the centre of government set broad patterns of policy and also establish the structures and processes required for coordination in the activities of other organizations. At the bottom of this structure are strong organizations with competent managers who deal with service delivery and who take decisions in their narrow areas of activity. The author points out that several NPM instruments can assist the centre to govern. For instance, contracts and negotiated agreements can be a catalyst for establishing the centre's strategic goals. Performance management and budgetary control can also help the centre to maintain its control.

<p>In sum, this paper shows that, despite the positive effects of decentralization and deconcentration, of government, integrated and coherent governmental policy will require strengthening of the centre of government and of the political power of central actors.</p>	
<p>Peters, G and Savoie, D. (1996) "Managing incoherence: The coordination and empowerment conundrum". Public Administration Review. Vol. 56, No. 3, pp. 281-290.</p>	<p>Coordination, New Public Management, government, coherence, the United States, National Performance Review.</p>
<p>This study focuses upon two types of administrative change which confront one other. The first of these includes changes in the framework of 'New Public Management' and embraces decentralization and the creation of autonomous organizations to deliver public services. The second is related to the need to co-ordinate national policies because of the fiscal pressures and the requirements of the global economy. The authors consider both administrative changes from theoretical perspectives. They analyze how these two types of administrative changes are addressed by the American government as an <i>"extreme case of the need to co-ordinate multiple and often incoherent programs"</i>.</p> <p>Peters and Savoie begin their work by describing sources of incoherence. They distinguish three main sources of incoherence: First, interest groups from the private sector have increasing opportunities for influencing policy making in the public sector. Secondly, institutional reform in major democratic systems has led to the fragmentation in governments. For instance: <i>"creation of instrumentalities, such as Next Step agencies in the United States... that disaggregate large ministerial structures into a host of smaller organizations, each with enhanced autonomy"</i> (p. 282). In addition to this, private organizations are increasingly engaged in providing public services. Both these factors <i>"lessen the coherence of public programs and create a need for stronger central coordination efforts"</i>.</p> <p>The authors claim that there is a strong demand for coordination and control. One of the most important problems related to this are fiscal in nature; governments find they cannot provide all of the services they used to. In such cases, central agencies or political leaders must start making decisions about where their priorities lie. Program budgeting cannot ensure automatic selection of policies based upon performance and output alone. This must be a political process, where <i>"political leadership should have knowledge of government policies, departments and programs that cut across departmental lines, knowledge that is both consistent and comparable in quality and content"</i> (p. 285).</p>	

<p>Peters and Savoie argue that government, and especially political leaders should have control over such levels; this will then create greater coordination. However, such solutions may be constrained by a lack of political will. For instance: <i>“Attempts to reduce deficit will require either reduction in spending for popular programs or increases in taxes, or both. Thus, the easiest political response may be to do nothing and to leave the problems for the next office holder”</i> (p. 285). The law, too, forms a constraint as they are very rigid and difficult to change.</p> <p>All the above-mentioned issues are discussed in this article with reference to the United States where public officials face exactly the same need for coordination. They are confronted with demands for coordination and reform which are consistent with New Public Management. However, the authors of this paper do not resolve the problem of how these issues will be addressed.</p>	
<p>Schafer, A. (2005) ‘Legitimacy vs. Effectiveness: The Choice of the Open Method of Coordination’, paper prepared for the 3<sup>rd</sup> ECPR Conference, Budapest, Hungary (8–10 September). Available from:  <a href="http://www.essex.ac.uk/ecpr/events/generalconference/budapest/papers/18/6/schafer.pdf">http://www.essex.ac.uk/ecpr/events/generalconference/budapest/papers/18/6/schafer.pdf</a></p>	<p>Multilateral negotiations, soft law, coordination, multilateral surveillance.</p>
<p>This paper was presented at the Conference Panel 18-5 on ‘New’ Modes of European Governance. Although it refers more to coordination and policy-making on the multilateral and regional level. It discusses alternative approaches to successful coordination and the resolution of disagreements that may at time surface in interactions between various national policy-making bodies.</p> <p>This paper discusses the use of ‘soft law’ as a means of avoiding deadlocks in negotiations which take place in diverse multilateral settings such as the OECD or the IMF. The author explains the use of multilateral surveillance as a soft way of providing compliance with specific multilateral policies. The author also assesses the reasons for the introduction and success of the implementation of Open Method of Coordination (OMC), as a variation of soft coordination in some areas of European Union policy, such as in the employment, social and pension policies.</p> <p><i>“...this paper seeks to show that the choice of soft law has to be taken seriously as a way to resolve deadlocks that result from interest heterogeneity”</i> (p.5).</p> <p>If one assumes that ‘interest heterogeneity’ refers to a whole range of differences between various policymakers resulting from their different political,</p>	

<p>ethnic or economic interests, then soft law or soft coordination may be a useful tool for overcoming disagreements, regardless of whether the policy arena is national or supranational.</p>	
<p>South Centre (2004) ‘Strengthening Developing Countries’ Capacity for Trade Negotiations: Matching Technical Assistance to Negotiating Capacity Constraints’, background paper prepared for the Doha High-Level Forum on Trade and Investment, Doha, Qatar (5–6 December). Available from: <a href="http://www.southcentre.org/tadp_web_page/research_papers/instigovernance_project/sc_g77paper_devcountry_negocap_nov04.pdf">http://www.southcentre.org/tadp_web_page/research_papers/instigovernance_project/sc_g77paper_devcountry_negocap_nov04.pdf</a></p>	<p>International trade negotiations, policy-making, inter-agency coordination, policy coherence, institutional capacity, technical assistance.</p>
<p><i>“The South Centre was established in 1995 as an intergovernmental body of developing countries with a main objective to analyze the development problems and experience and to provide intellectual and policy support required by developing countries for collective and individual action in the international arena.”</i> (Explanation provided on the South Center’s website)</p> <p>The main purpose of this paper is to analyze the capacity of developing countries to engage and effectively participate in international trade negotiations, and to correlate the findings to the existing technical assistance (TRTA/TRCB<sup>15</sup>) provided in this area.</p> <p><i>“This paper looks at the negotiating needs and constraints of developing countries vis-à-vis international trade negotiations, and at the deficiencies of existing trade-related technical assistance and capacity-building initiatives in addressing such capacity needs and constraints. The major constraints that developing countries face when it comes to developing negotiating capacity in trade negotiations include incoherence in national policies and in national policymaking coordination, and limitations with respect to the availability and depth of national human, financial, and technical resources that adversely affect their ability to adequately prepare for trade negotiations.”</i> (Executive Summary, paragraphs 1-2).</p>	

<sup>15</sup> Trade-Related Technical Assistance (TRTA)/Trade-Related Capacity Building (TRCB) - Initiatives for increased and more co-ordinated technical assistance for trade-related capacity building to developing and transition countries, launched in 2001 together with the Doha Development Agenda multilateral trade negotiations.

<p>Parts of the report, such as those entitled Negotiating Capacity Needs and Constraints of Developing Countries, National Policy Incoherence and Lack of Institutional Coordination, Strategic Cooperation on the Basis of Defined National Policies, directly relate to some of the most important aspects of our research and due to their relevance have been integrally reproduced in the Excerpts of Publications listed in the Annotated Bibliography document.</p>	
<p>Staronova, K. (2003) 'Recommendations for the Improvement of the Policy-Making Process in Slovakia'. Available from: <a href="http://pdc.ceu.hu/archive/00001841/01/Staronova.pdf">http://pdc.ceu.hu/archive/00001841/01/Staronova.pdf</a></p>	<p>Professional policy making, institutional reform, public policy process.</p>
<p>As noted in this paper, <i>“establishing principles, institutions and procedures of good governance is one of the greatest challenges facing the countries of Central and Eastern Europe (‘CEE’). This challenge includes the development of professional policy making”</i> (p. 2). <i>“The concept of ‘good governance’ has become increasingly associated with the capacity to develop and deliver public policies based on participatory principles as well as respecting the principles of effectiveness and efficiency”</i>.</p> <p><i>“In other words, professional and high quality public policy making is transparent and open to broad societal participation but, at the same time, addresses societal problems timely and with a minimum waste of available resources. Both of the authors focused their research projects on the public policy process in the Slovak republic”</i>.</p> <p>The research project of the author focuses on <i>“the analysis of the policy making process in Slovakia by examining the institutional arrangements, the formal and informal organization of the process, the division of the responsibilities within the central authorities, the availability of the incentive system and analysis of the existing outputs of the policy making process. The project also examines the existing arrangements in the developed democracies and recommendations prepared by the international organizations, such as the UNDP, World Bank, OECD, and the EU. The ultimate goal of the examination is to reveal potential areas for change in the public policy process in Slovakia that would reflect the needs of this Central European country and would lead to a gradual change of the policy making practice (and culture) into a professional one, adhering to the principles of good governance”</i> (p. 2). <i>“The recommendations contained in this paper are intended for decision makers in the Slovak Republic who expressed interest in the analysis and its outcome. It focuses primarily on the changes and amendments to the legislative process that constitutes a central part of the formal policy making process”</i> (p. 2).</p>	

The author recommends certain “concrete steps aimed at improving the quality of the policy and legislative process in the Slovak Republic” (p. 8). These recommendations involve reform of the legislative process such as (formal) inter-ministerial coordination mechanisms as well as a proposal for institutional reform that includes improvement of the institutional arrangements for substantive and legislative departments of line ministries. According to the author, “the following are the main strategies for improving policy making process that should be considered (p. 8):

1. *Formal Reform: Reform of the legislative process (law drafting)*
  - a. *improving the development of policies prior to law drafting;*
  - b. *making fuller use of consultation and consensus-building;*
  - c. *introducing inter-ministerial reviewing process in the policy development stage;*
  - d. *setting and maintaining law drafting standards;*
  - e. *setting a clear role of the Legislative Council;*
  - f. *applying equivalent law drafting standards to parliamentary initiatives;*
  
2. *Institutional Reform*
  - a. *improving the use of policy tools, communication strategy, implementation,*
  - b. *monitoring and evaluation;*
  - c. *improving the institutional arrangements of the substantive and the legislative departments of line ministries;*
  - d. *audit and improvement of the financial flows, budgeting and responsibility assignments;*
  - e. *audit and improvement of the records management system;*
  - f. *use of working groups as a consultative body rather than drafting body.*

<p>SEATINI<sup>16</sup> Bulletin, Volume 3, No. 3 (2000), Reports of the Working Commissions from the SEATINI High-Level Workshop in Mauritius (October/November 2000). Available from:  <a href="http://www.seatini.org/bulletins/b03-22.htm">http://www.seatini.org/bulletins/b03-22.htm</a></p>	<p>International trade negotiations, consultations, cooperation, trade policy-making, decision-making.</p>
<p>The Mauritius workshop gathered senior trade officials from nine countries in the Southern and Eastern African region together with representatives from the private sector and international trade experts. As part of their work, participants were divided into three working commissions, each of which discussed separate issues that “...<i>affect the performance and negotiating capacity of African countries in the WTO and in other trading fora</i>”. The work of the Commissions was summarized in three separate reports.</p> <p>Most relevant to our research is the Report from the work of Commission B. This Commission discussed the mechanisms of efficient consultations between capitals and Geneva/ Brussels during international trade negotiations. This issue is of extreme importance to successful participation by every country in the multilateral trading system. In order to setup a proper decision-making process, governments need information and coordination. To achieve this, they must define “<i>clear cut boundaries of responsibility for negotiating and power to make decisions</i>” and “<i>each of the actors involved in the process must assume their roles accordingly</i>”.</p> <p>During its work, Commission B addressed the following questions:</p> <ul style="list-style-type: none"> <li>– Who has the responsibility for negotiations on trade matters (capitals or Geneva/Brussels)?</li> <li>– Where does the power to make decisions reside?</li> <li>– What are the constraints that inhibit effective cooperation between capitals and Geneva/Brussels and how might they be removed?</li> </ul> <p>In addition to providing focused and clear answers to the above questions, the Report provides recommendations that may be useful to all developing countries who are working on improving their trade policy-making process and on developing a better and more co-ordinated presence in the international trade arena.</p>	

<sup>16</sup> Southern and Eastern African Trade Information and Negotiations Institute.

<p>The full text of the Commission B Report which elaborates on the main issues discussed at the workshop is integrally reproduced in the Excerpts of Publications listed in the Annotated Bibliography.</p>	
<p>Serrano, R. (2003) “What Makes Inter-Agency Coordination Work? Insights from the Literature and Two Case Studies”.</p> <p>Inter-American Development Bank. Sustainable Development Department: Washington. Available from: <a href="http://www.iadb.org/sds/doc/SOC%2DInteragencyCoordination%2De.pdf">http://www.iadb.org/sds/doc/SOC%2DInteragencyCoordination%2De.pdf</a></p>	<p>Interagency coordination, Case studies, conditions and tools for coordination.</p>
<p>This paper aims to provide an analysis of the existing literature on interagency coordination (IC). The author describes obstacles, enabling conditions and strategies that support or weaken coordination. Issues of interagency coordination are considered from the perspective of social programming in the United States. This analysis is supplemented by two case studies of operations funded by the Inter-American Development Bank, both of which have important interagency coordination components.</p> <p>The author starts his work by giving three rationales for designing co-ordinated programs. The first for designing such programs is in order to be able deal with “<i>multiple and interrelated causes</i>”. To demonstrate this, the author uses the example of school dropouts, programs for which require the involvement of different institutions with different policies. The second rationale for designing such programs is “<i>economy of scale</i>”. The third rationale is related to the reduction of policy fragmentation. This issue is explained using the example of the eligibility criteria used of different programs for social assistance.</p> <p>Although coordination is beneficial in theory, there is scepticism on the part of many scholars about IC. Significant obstacles to coordination are the cause for this scepticism. According to Serrano they “<i>stem from the fundamental properties of organizational systems</i>:</p> <ul style="list-style-type: none"> <li>– <i>Individual agencies seek to preserve their autonomy and independence.</i></li> <li>– <i>Organizational goals differ among collaborating agencies.</i></li> <li>– <i>Organizational procedures are difficult to synchronize.</i></li> <li>– <i>Constituents bring different expectations and pressure to bear on each agency.</i></li> <li>– <i>Managers try to minimize the uncertainty of their environments but are less concerned with minimizing uncertainty for others”</i> (p. 2).</li> </ul> <p>The author claims that coordination is not a panacea and should be pursued only if it leads to “<i>better organizational performance or lower costs</i>”. It is important</p>	

that there are alternatives to coordination: “*sequencing, reorganization and competition*”. Serrano defines ‘sequencing’ as an alternative to a ‘simultaneous’ approach; issues are addressed one by one taking into account the critical linkages which exist between them. He defines ‘reorganizing’ as “*means creating or merging organizational units (ministries, departments, secretaries, etc) and/or changing the assignment of functional responsibilities to those units*” (pp. 4-5). This tool can reduce duplication, but “*consensus about its efficiency is mixed*”. The last alternative to coordination is competition. Competition can be achieved by creating incentives for leadership or resources at the different agencies. This tool is used for local governments and can lead to innovation and efficiency.

Serrano presents several conditions and tools for coordination. He highlights six main incentives for cooperation. The first incentive is *financial advantage*. Additional money can come from grants or from savings gained through economy of scale. However, this incentive does not necessarily work; an organization may feel that it has enough resources. Even more important, money cannot buy commitment to coordination. The second incentive is *problem solving* when cooperation improves the performance of organizations. As Serrano states: “*Empirical studies suggest that solving a pressing problem is the most important incentive to co-ordinate*” (p. 8). The third incentive is *political gain* obtained through cooperation; it can bring prestige or power. The fourth incentive is related to *professional values*. In this case, staffs believe that cooperation and sharing of experiences is desirable. The fifth incentive is *uncertainty reduction*. The last incentive is *legal mandate*. This incentive is based on laws which instruct agencies to cooperate. This tool is not effective in countries with weak rules of law.

Having described the conditions for coordination, it is important to consider the conditions that “*facilitate the good management of a co-ordinated process*”. Serrano distinguishes eight conditions for coordination:

1. *Effective leadership*
2. *Flexibility and discretion*
3. *Building a common sense of purpose*
4. *Clients and beneficiaries participation*
5. *Replacing a culture of bureaucracy with one of pragmatism*
6. *Emphasizing negotiation and conflict reduction among partners*
7. *Minimize political turbulence*
8. *Limiting membership to the smallest possible number of participants*” (pp. 10-12).

Before considering the case studies, the author presents four basic strategies for coordination tools:

1. *Communication and decision-making strategies:*
  - a. *Interagency task forces / Cabinet councils*

<ul style="list-style-type: none"> <li>b. <i>Single council for several programs</i></li> <li>c. <i>Interagency liaisons</i></li> </ul> <ul style="list-style-type: none"> <li>2. <i>Planning Strategies</i> <ul style="list-style-type: none"> <li>a. <i>Joint programming and planning</i></li> <li>b. <i>Common objectives and geographical boundaries</i></li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>3. <i>Strategies for Operational Coordination</i> <ul style="list-style-type: none"> <li>a. <i>Cooperative (nonfinancial) agreements.</i></li> <li>b. <i>Joint funding.</i></li> <li>c. <i>Joint purchase of services</i></li> <li>d. <i>Joint administration</i></li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>4. <i>Coordination at the Service Delivery Level</i> <ul style="list-style-type: none"> <li>a. <i>One-stop Shopping or Collocation</i></li> <li>b. <i>Case-management</i></li> <li>c. <i>Shared Information Services.</i></li> <li>d. <i>Universal eligibility and referral mechanisms (pp.12-15).</i></li> </ul> </li> </ul> <p>Following this the author proceeds with presenting case studies and concludes his report with recommendations. The have been reproduced in the Collection of Excerpts.</p>	
<p>Steunenberg, B. (2005) 'Turning Swift Policy-Making into Deadlock and Delay: National Policy Coordination and the Transposition of EU Directives'. Available from: <a href="http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/granada/ws4/Steunenberg.pdf">http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/granada/ws4/Steunenberg.pdf</a></p>	<p>Directives, transposition, national decision-making, coordination.</p>
<p>Directives are policy instruments used by the European Union to provide uniformity and consistency in various policy areas across the Community. This paper discusses the complex process of transposition of EU directives into the legal systems of EU member- and candidate-countries. It focuses particularly upon the importance of coordination at all levels of a nation's decision-making process; it is a <i>condition sine qua non</i> for a swift and successful transposition of directives.</p> <p>The author's argument is that the success of the transposition of a directive will to a great extent depend upon the number of actors involved in the process and their mutual interaction.</p> <p><i>"In order to disentangle and clarify the complex interactions in the domestic political and administrative arenas, I [the author] use the actor-centered</i></p>	

*approach. Distinguishing multiple actors, it helps to understand how political and administrative actors shape transposition....The more veto players are in the domestic arena the lower is compliance to EU law” (p. 3).*

The author takes this relatively simple approach to a higher level by linking it to the institutional context within which the whole process takes place. He argues that in order to understand the interaction, one needs to be able to answer the following three questions:

- *“The first question is who the relevant players are?” (p. 3).*
- *“The second question concerns the authority or decision-making rights of players ... policy-specific players who formally or informally have the authority to affect the outcome of decision-making ...” (p. 4).*
- *“The third and last issue that is relevant to this framework is that players have preferences. These preferences determine whether a player prefers the current policy or a change of this policy and will use his or her authority to achieve this” (p. 5).*

*“Building on these elements, I [the author] analyze coordination between different actors in the process of transposition. Coordination is approached as a structure with two distinct levels: at one level players have to propose how to transpose a directive; at another and hierarchically higher level, players review the decision or provide political guidance the moment the lower-level players fail to agree on a decision. In this way, a decision-making is considered as a multilevel process in which the higher-level players resolve the potential conflict between the lower-level players. The structure analyzed in this paper includes various decision-making situations, including ministerial oversight of decision-making between different departments within a ministry or between different ministries, and legislative oversight by political parties” (p. 5).*

The paper analyzes two case studies of the transposition of directives. The first is based upon *hierarchical coordination* where a single player co-ordinates the transposition process, and the second is based upon *multiplayer or horizontal coordination* which includes several coordinating players. Case studies show that the former process guarantees swift transposition, while the latter may result in a deadlock if the players take confrontational positions with regard to the transposition process.

<p>Steurer, R. (2004) "Strategic Public Management as Holistic Approach to Policy Integration". Vienna University of Economics and Business Administration. Available from: <a href="http://www.web.fu-berlin.de/ffu/akumwelt/bc2004/download/steurer_f.pdf">www.web.fu-berlin.de/ffu/akumwelt/bc2004/download/steurer_f.pdf</a>.</p>	<p>Public management, administrative policy, strategic management, Strategic Public, Management, New Public Management.</p>
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This paper describes a new holistic approach, in public administration theory, to the issues of policy integration. Steurer argues that the three existing public administration narratives, namely classic bureaucracies, 'New Public Management', and 'New Governance', cannot address policy integration in an adequate way. He claims that the concept of 'Strategic Public Management', a hybrid of the three narratives mentioned, is more appropriate as a *"comprehensive response to both, horizontal and vertical integration"* (p. 2).

The concept of bureaucracies brought specialization and professionalism to the public sector. This concept *"turned the public sector into a compilation of "administrative silos" which are constructed around policy domains, ignoring related policies or problems"* (p. 5). Thus, the bureaucratic narrative of public administration theory was unable to solve the issue of policy integration and even became a key challenge for this.

During the 1980s, following criticism of the concept of bureaucracies, a new narrative of public administration appeared. It was called 'New Public Management' (NPM) and its typical policy instruments were *"outsourcing of particular services, the market-testing of public agencies, the privatization of state-owned firms, and the further disaggregation of departmental structures into service agencies, each responsible for a specific product"* (p. 6). In this concept, cross-sectional challenges are disregarded and the focus is on intra-organizational challenges that make the *"organizational scope of NPM even narrower than that of classical bureaucracies"*.

Next, administrative reform, based upon further disaggregation and the creation of networks, led to a new concept called 'new governance'. As the author notes: *"compared to NPM, the guiding principle of 'New Governance' is not efficiency (i.e. the costs at which an objective is achieved) but effectiveness (i.e. the extent to which an activity achieves its objectives)"* (p. 6). As mentioned, the driving force of this new concept was the establishment of networks, or long-term relationships between independent actors formed around policy issues. Steurer is sceptical about the capacity of networks to deal with policy integration however. He states: *"Although networks open the public sector to a variety of actors, their scope most often adheres to particular policy domains ..."* (p. 7).

As indicated, none of the existing narratives of public administration are able to adequately manage the cross-sectional challenges. There is therefore a need for an integrative narrative in public administration. Steurer introduces a new concept called ‘Strategic Public Management’ (SPM) which is able to improve policy integration. SPM overcomes the structural character of policy networks in ‘New Governance’ by extending existing networks across sectoral boundaries or by establishing new cross-sectoral networks. However, as Steurer notes:

*“... both options are likely to require governmental steering, Strategic Public Management is not only about mixing different modes of governance to a hybrid pattern, but also about deliberately merging, for example, the steering function of governments with the activating function of networks to a hybrid mode of governance”* (p. 8).

In addition to the establishment of cross-sectoral networks, SPM advocates the strengthening of strategic capacities throughout the public sector. This strategic process can be described as follows:

- Strategic management is an objective-driven process.
- Strategic process is not limited by one unit and involves the whole organization.
- Strategy process includes implementation.
- Strategy process is flexible and can be adjusted to changing objectives and environment.

In summary, SPM can be considered a holistic governmental approach which overcomes the shortcomings of the existing narratives of public policy with regards to policy integration.

Stewart, M. (2002) “Governance: Towards Effective Partnership Working”. Paper to the Health Development Agency Seminar Series on Tackling Health Inequalities. The Cities Research Centre. University of the West of England. Bristol

Disjointed government, whole-systems cooperation between ministries and agencies.

This study describes the problems contemporary governments face as a result of disjointed working habits caused by the proliferation of government agencies and the existence of non-governmental agencies which are accountable to a variety of governmental agencies with different goals, tasks, organizational culture, financial regimes etc. The author presents the concept of ‘whole systems’ and partnerships which provide an alternative means of understanding and planning *“intervention within a complex set of interactions”*.

According to Stewart, the ‘whole systems’ approach is based upon the idea that complex systems should be understood *“...in terms of the interactions between*

*parts of the system and its environment. These interactions involve feedback loops, whereby elements in the systems feed influence and information to each other over time*” (p. 3). The system is flexible; all of its participants may change their behaviour and environment through interaction with one other. Stewart claims:

*“Effective policy implementation requires effectiveness within each component of the system and effective links between them. If one element in the system is not working well, this can have adverse consequences for other elements in the system, negative reinforcement or a vicious circle. Conversely virtuous circles can be set up in which effective working in one domain reinforces effective working in others”* (p. 3).

However, weak management, a lack of motivation and ineffective feedback systems may lead to *“new central government initiatives”* which *“will lead to a lot of rushing around like headless chickens, and the ‘rebadging’ of current activity, with little attempt to refocus resources or to evaluate progress”* (p. 3).

Stewart suggests that partnership is the way to overcome problems associated with disjointed governments. According to him: *“The impact of partnership working is a function of a number of features of joint working, and it is possible to categorize partnerships along a number of descriptive variables – membership, status, structures, leadership, agendas, organizational cultures”* (p. 6). In areas of public policy such as environment and economic development where professionalism is not so entrenched, partnerships will have an open, participatory character. In other words, there will be more heterogeneous actors. However, it will be more difficult to come to an agreement about goals and objectives. This type of partnership is called ‘facilitating partnership’.

There are two additional types of partnerships: ‘*co-ordinating*’ and ‘*implementing*’ partnerships. Co-ordinating partnership is about oversight and deals mainly with less controversial and sensitive issues than facilitating partnership does. Implementing partnerships are relevant to pre-agreed projects where both partners recognize project delivery to be beneficial. The main goal of such partnerships is to find resources and implement processes.

Stewart lists five factors important to successful collaboration:

1. *Where the political geography is clear – boundaries long established and at least some common boundaries between partner areas of responsibility – it is easier to create the basis for collaboration at a strategic level.*
2. *It is easier to build collaboration where there is a sense of shared identity and common interest.*
3. *While new initiatives assume a blank canvass, in reality each area is already marked over and over by the history of previous initiatives.*
4. *The problems facing local agencies have changed over time, and their capacity to deal with them has changed.*

5. *Personalities are crucial and collaborative working depends on the role of individuals. Time and again it is said that 'people matter' (p. 7).*

At the end of his work, the author considers the key elements of working partnerships: transaction costs and social capital, leadership, and power. He concludes his article by presenting a case study of local strategic partnerships in Britain. His main conclusion is that it takes at least ten years to move towards more effective working partnerships.

Sussman, T. (2000) "Interagency Collaboration and Welfare Reform". Issue Note in Welfare Information Network, vol. 4, issue 1. Available from:  
[http://eric.ed.gov/ERICDocs/data/eric\\_docs2/content\\_storage\\_01/0000000b/80/25/3a/a4.pdf](http://eric.ed.gov/ERICDocs/data/eric_docs2/content_storage_01/0000000b/80/25/3a/a4.pdf)

Interagency collaboration, welfare reform, Temporary Assistance for Needy Families.

This paper considers the program of Temporary Assistance for Needy Families and the interagency partnerships related to it. The author considers some of the major issues agencies are addressing during collaborative efforts. The study reveals several activities which can lead to successful collaborative and interagency projects. The findings which are the most relevant to our research are presented below.

Sussman identifies several components to successful collaboration. The first component is clear assignment of responsibility. The second component is jointly agreed outcomes. Other important factors include "*mutual trust, a willingness to share ideas and technical support to enable partners to communicate easily and effectively*" (p. 5). The ongoing support of agency and program management are also very important.

Sussman also highlights the mechanisms for sharing information across agencies. Among them are: "*audio and video conferencing, internet, electronic mail, collocation, multi-agency teaming, and regular case consultations*".

At the end of her work, Sussman lists several actions one can take to ensure successful collaboration. They are:

- *Developing a clear explanation for why certain issues are best addressed by multiple groups;*
- *Ensuring support from the highest levels of organization;*
- *Defining organizational goals while making sure to put the client's needs above all;*
- *Streamlining service delivery to clients and providing a single point of contact;*
- *Encouraging regular communications among partners" (p. 6).*

## INDEX

- Agenda 21 72, 80  
Aoudia, J.O. 135, 146  
Atamanov, A. vii, xii, xv, 77, 85, 148  
Atingi-Ego, V.B. 63, 148, 153, 224  
Badjun, M. 25, 143, 151, 154  
Bakvis, H. 151, 155, 156  
Baracol, D.C. 55, 143, 151, 158  
Beuselink, E. 8, 143  
Bird, K. 135, 143  
Blondel, J. 136, 143, 151, 167  
Boogers, M. 133, 143, 151, 169  
Boyer, Brook xv, 72, 79, 80, 81, 143  
Brandsen, T. 133, 143, 151, 169  
Brautigam, D. 24, 143, 151, 171  
Brazil xvii, 45, 146, 152, 190, 191, 201, 204, 205, 206, 226  
Bulgaria xvii, 8, 67, 68, 115, 116, 141, 147, 152, 213, 214  
Cambodia 56, 57  
Campos, N. 24, 144, 151, 172  
Chile xvii, 45-48, 148, 190, 191, 226  
Christensen, T. 20, 144, 151, 173, 174  
Civil Society Organizations 1, 16, 26, 127, 139, 182, 196  
Coen, D. 25, 144, 151, 175  
Contingency Theory 9, 139, 167  
Court J. 67, 145  
Craciun, C. 67, 151, 177  
Czech Republic, the 67, 68-69, 141, 161  
Di Francesco, M. 151, 178, 179  
Drechsler, W. 69, 144  
Elyetu, E.P. 63, 144, 151, 179  
Estonia 69, 141, 144  
European Governance 25, 26, 181, 182, 242  
European Union xix, 7, 23, 24-28, 29, 70, 71, 72, 108, 115, 116, 120, 122, 127, 140, 144, 152, 154, 165, 181, 184, 211, 213, 215, 222, 224, 242, 249  
Feidieker, T. 135, 136, 144  
Forms of Coordination 131, 140, 237, 240  
    -Development of strategies 131-132, 240  
    -Negative coordination 131, 240  
    -Positive coordination 131, 240  
    -Policy integration 131, 240  
France 23, 28-29, 140, 151, 174, 215, 26  
Gatto, A. 26, 144, 145, 152, 181  
Giacalone, R. 152, 186  
Goldsmith, A. 15, 145  
Good Governance 14-16, 24, 69, 77, 85, 134, 135, 140, 144, 146, 149, 244  
Governance v, vii, xii, xv, xvi, xxi, 5, 7, 9, 14, 15, 16, 19, 23, 24, 25, 26, 67, 69, 75, 77, 78, 82, 85, 92, 109, 131, 132, 133, 134, 135, 136, 139, 140, 141, 143, 144, 145, 146, 147, 148, 149, 151, 152, 153, 154, 155, 156, 169, 170, 171, 172, 173, 176, 178, 181, 182, 183, 188, 189, 190, 191, 200, 208, 220, 222, 239, 240, 242, 244, 251, 252  
Government Ministries 1, 2, 62, 139, 194, 205  
Grant, W. 25, 144, 151, 175  
Hill, C. 9, 145, 152, 188, 189  
Historical Neo-Institutionalism 8, 139, 166  
Hoekman B. 134, 145  
Hyden, G. 67, 145  
Indonesia 56, 60  
Intellectual Property (IP) ix, xx, xxi, 116, 117, 120, 129, 146, 152, 200, 202, 204  
Inter-ministerial coordination vii, ix, xii, xx, 29, 50, 51, 52, 53, 54, 56, 57, 65, 67, 70, 75, 81, 86, 96, 99, 101,

## INDEX

- 102, 103, 113, 119, 124, 125, 126, 127, 129, 139, 141, 144, 145, 149, 150, 162, 163, 201, 203, 207, 213, 214, 217, 223, 231, 245  
-conditions 16, 18, 39, 97, 122, 125, 140, 179, 182, 247  
-definition 182, 233, 236  
-and Environmental Issues 55, 79  
-factors xi, 5, 8  
-importance of 3  
-obstacles 17, 247  
-theories 7, 8, 9, 138  
-and WTO/GATS 75-78, 210  
Inter-ministerial trade policy xv, 1, 32, 139, 161  
-features of 2, 210, 216, 228  
-formulation 1, 2, 3, 14, 25, 56, 59, 60, 61, 62, 63, 64, 78, 85, 86, 87, 90, 91, 94, 95, 103, 104, 105, 114, 118, 124, 139, 141, 160, 175, 176, 180, 190, 193, 194, 195, 196, 201, 204, 215, 225, 226  
-key elements 2  
International Monetary Fund ix, xx, 15, 29, 57, 60, 87, 97, 242  
Ionita, S. 16, 18, 19, 129, 145, 152, 191  
Jerome, A. 62, 145, 152, 193  
Juillet, L. 151, 155, 156  
Kabele, J. 68, 145, 152, 197  
Kazakhstan xx, 67, 72, 87, 100, 141, Kenya 1, 56, 65  
Knutsen, R.D. 50  
Koen, V. 146, 152, 166, 231  
Kyrgyzstan vii, xi, xii, xv, 85-103, 141  
Laegreid, P. 20, 144, 151, 173, 174  
Latif, A.A. 129, 146, 152, 200  
Legal Aspects of IMC/SIGMA-OECD 81-83  
Levels in the Policy Coordination Scale 10-14, 139, 236  
Linek, L. 68, 145, 152, 197  
Lynn, L. 9, 145, 152, 188, 189  
Malawi 1, 56, 64  
Malaysia 56, 61  
Malova, D. 136, 143, 151, 167  
Marconini, M. 45, 146, 152, 204, 206  
Mbekeani, K.K. 152, 208  
Mease, K. 67, 145  
Meijers, E. 9, 146, 152, 233  
Meisel, N. 135, 146  
Meyer, F. 146, 152, 166, 231  
Mogilevsky, R. vii, xii, xv, 77, 85, 148  
New Public Management xx, 20, 69, 131, 139, 140, 146, 151, 173, 174, 177, 178, 179, 236, 238, 239, 241, 242, 251  
Nielson, J. 75, 77, 78, 146, 147, 210  
Nigeria 56, 62, 140, 145, 152, 193, 194, 195, 196  
O'Toole, L. 10, 147, 152, 234  
OECD v, xx, 8, 19, 23, 24, 29, 32, 34, 38, 40, 43, 68, 77, 78, 81, 85, 122, 130, 140, 141, 143, 146, 147, 151, 152, 161, 162, 163, 164, 165, 219, 220, 222, 235, 242, 244  
Paugam, J. 152, 215  
Peters, G. 3, 4, 5, 85, 92, 146, 147, 152, 153, 166, 231, 236-242  
Philippines 55-56, 59, 140, 143, 151, 158-160  
Pilichowski, E. 23, 24, 147  
Poland 67, 69-70, 116, 141, 161, 223, 231  
Policy Coordination vii, xi, xii, xiii, xv, xvii, 1, 3, 5, 7, 9-19, 21, 23, 45, 68, 77, 97-102, 122, 123, 125, 126, 130, 134, 139, 141, 142, 146, 148, 151, 152, 153, 162, 164, 178, 208, 215, 218, 219, 223, 233, 236, 237, 243, 249  
-definition 9  
Porcarelli, E. 152, 186  
Private Sector 1, 2, 4, 15, 49, 57, 58, 61, 64, 80, 90, 92, 97, 98, 99, 100, 101, 102, 103, 105, 139, 159, 170,

- 177, 193, 195, 199, 200, 209, 218,  
225, 229, 241, 246
- Rational Choice Neo-  
Institutionalism 9, 139, 166, 167
- Regulatory Impact Analysis xvii, xx,  
29, 32, 33
- Resource Dependency Theory 9,  
139, 188
- Rice, E. 129, 148, 153, 223
- Romania xvii, 67, 115, 116, 130,  
151, 177-178, 191, 223
- Rudaheeranwa, N. 63, 148, 153, 224
- Sáez, S. 46, 47, 148, 226
- Sahov, A. vii, xii, xv, 77, 81, 103,  
127, 148, 149
- Saner, R. ix, xii, 77, 148
- Savoie, D. 5, 147, 153, 241, 242
- Schafer, A. 148, 153, 242
- Serrano, R. 17, 148, 153, 247, 248
- Singapore 56, 59, 227
- Slovenia xvii, xx, 67, 70-72, 115,  
116, 141, 143, 145, 161
- Sociological Neo-Institutionalism 9,  
166
- Staronova, K. 67, 82, 149, 153, 244
- Steurer, R. 149, 153, 251, 252
- Stewart, M. 132, 149, 153, 252, 253
- Sussman, T. 133, 149, 153, 254
- Switzerland vii, xi, xii, xv, xvi, xvii,  
23, 29-43, 115, 140, 144, 176, 207,  
208
- Tanzania 1, 56, 64, 65
- Thailand xx, 56, 58
- Tops, P. 133, 143, 151, 169
- Toseva, G. vii, xii, xv, 77, 81, 103,  
127, 148, 149
- Trinidad and Tobago xx, 50-55, 150
- Uganda 1, 56, 62-64, 141, 144, 148,  
151, 153, 179, 180, 224, 225
- Verhoest, K. 8, 143, 151, 166, 167
- Vietnam xx, 56, 57
- Weiland, H. 15, 149
- White Paper 26, 144, 182, 185
- Woods, F. 50-55, 150
- World Bank xxi, 15, 24, 60, 97, 104,  
129, 134, 143, 144, 145, 146, 148,  
150, 171, 172, 223, 244
- World Trade Organization (WTO)  
ix, xii, xv, xxi, 2, 29, 55, 56, 57, 58,  
62, 63, 75, 77, 85, 87, 94, 95, 96, 97,  
99, 100, 102, 103, 105, 115, 120,  
121, 122, 124, 126, 129, 136, 143,  
148, 150, 152, 153, 158, 159, 160,  
175, 179, 180, 185, 186, 187, 190,  
193, 194, 195, 196, 199, 200, 201,  
204, 207, 208, 209, 210, 215, 216,  
217, 220, 221, 224, 225, 226, 227,  
229, 246
- Zambia 1, 56, 65