



SIGMA
Creating Change Together



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The
Principles
of Public
Administration

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Authorised for publication by Karen Hill, Head of the SIGMA Programme.

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Foreword

Johannes Hahn

*Commissioner for European Neighbourhood
Policy and Enlargement Negotiations, EC*

The European Commission (EC) is ensuring a strong focus on addressing fundamental reforms early in the enlargement process. This approach contributes to strengthening the credibility of enlargement policy and enhancing its transformative power.

Public administration reform (PAR) is a pillar of the enlargement process, together with rule of law and economic governance. All three pillars are closely linked, cross cutting issues of fundamental importance for success in political and economic reforms and building a basis for implementing European Union (EU) rules and standards. A well functioning public administration is necessary for democratic governance. It also directly impacts upon governments' ability to provide public services and to foster competitiveness and growth.

PAR should lead to enhanced transparency, accountability and effectiveness and ensure a greater focus on the needs of citizens and business. An adequately managed and professional civil service, better policy planning and co-ordination, sound administrative procedures and improved public financial management are of fundamental importance

for the functioning of the state and for implementing the reforms needed for EU integration. Countries need to increase their efforts to improve their public administrations at all levels on the basis of national strategies. A strong political commitment is needed to steer the reform process.

Recognising the challenges faced by the enlargement countries, the EC is strengthening its support to PAR. The EC aims to make maximum use of existing mechanisms and fora to drive reforms forward, be it through Stabilisation and Association Agreement structures, the accession negotiations or EC-led targeted country-specific initiatives. The EC is also introducing a more structured policy dialogue on PAR with the enlargement countries in Special Groups on PAR.

The Principles of Public Administration outlined in this publication, a result of a long-standing successful partnership between the EC and SIGMA, will greatly facilitate progress on this challenging agenda.

Foreword

Mari Kiviniemi

Deputy Secretary General, OECD



Good governance and a well-functioning public administration are essential in building and sustaining trust in government, and in creating the necessary structural reforms for increased living standards in society. The relevance of good administration became particularly evident during the course of the global financial crisis. Limited resources focused national and international discussions on government performance, making it clear that good governance has a significant impact on how well the money available is turned into systemic results and outcomes.

This is a familiar challenge for the governments of countries aiming to integrate with the European Union (EU), as the accession process requires implementation of fundamental reforms within often constrained financial circumstances.

The Organisation for Economic Co-operation and Development (OECD) and the European Commission (EC) have united their forces for more than 25 years through the SIGMA initiative. It provides support for strengthening public administrations and implementing governance reforms in EU potential accession and neighbourhood countries.

The *Principles of Public Administration* are a result of that successful co operation. They combine EU accession process dynamics with OECD governance expertise and converging decades of experience from both OECD and EU member countries, including former accession countries. The Principles provide a detailed definition of good public administration that countries should be aiming for. For the first time, the Principles offer a monitoring framework for governments and policy makers to follow-up the application of the reforms needed over time.

Through the strong focus on implementation of reforms and collecting evidence on government performance, the Principles are not only a set of requirements but also assist in designing a public administration reform (PAR) vision and serve as a reform helpmate for key decision makers.

Taken as a whole, the new, strengthened framework for PAR will focus better the joint efforts of governments, the EC and OECD in improving the performance of public administrations.

Introduction

PUBLIC ADMINISTRATION REFORM IS FUNDAMENTAL IN THE EUROPEAN UNION INTEGRATION PROCESS

A well-functioning public administration is a prerequisite for transparent and effective democratic governance. It is the foundation for the functioning of the state, determining a government's ability to provide public services and foster competitiveness and growth. It also plays a fundamental role in the European integration (EI) process by enabling the implementation of crucial reforms and efficient accession dialogue with the European Union (EU). Hence, the EU enlargement criteria recognise and emphasise the need for countries to build a strong

national public administration with the capacity to pursue the Principles of good public administration and effectively transpose and implement the EU *acquis*.

To strengthen its focus on public administration reform (PAR), the European Commission (EC) has outlined six key issues of reform¹ and has better integrating reform in the accession process through Special Groups on PAR and stronger links with accession negotiations. These six key reform areas form the basis of the Principles of Public Administration.

AIM AND FOCUS OF THE PRINCIPLES OF PUBLIC ADMINISTRATION

The Principles define what good governance entails in practice and outline the main requirements that countries should follow during the EI process. They also feature a monitoring framework, enabling regular analysis of progress in applying the Principles and setting country benchmarks.

The concept of good administration has been progressively defined by EU countries and is included in the EU Charter of Fundamental Rights². The notion of a European Administrative Space was set out by SIGMA in 1999³. It included components such as reliability, predictability, accountability and transparency, as well as technical and managerial competence, organisational capacity, financial sustainability and citizen participation.

Although general criteria for good governance are universal, the Principles are designed for countries

which are seeking EU accession and receiving EU assistance through the Instrument for Pre-accession Assistance (IPA). The *acquis* requirements, along with other EU guidelines and instructions, are the core of the Principles in those areas where *acquis* is in place. In other areas, the Principles are derived from international standards and requirements, as well as from good practices in member countries of the EU and the Organisation for Economic Co-operation and Development (OECD). As a minimum benchmark of good administration, countries should ensure compliance with these fundamental Principles.

Government attention to specific Principles may vary from country to country, depending on the country's governance structure, administrative culture, previous reform record and key country-specific challenges. The monitoring framework establishes a coherent set of

* See endnotes, p.32.

requirements for all countries, while allowing each country some flexibility in setting its PAR challenges and objectives.

The Principles cover an area of the public sector referred to as the “state administration”. As widely used in the countries of the Western Balkans, this term indicates the two main elements of the scope of the Principles: “public administration” at “state (national or central) level”. The Principles also cover independent

constitutional bodies, as well as the parliament and judiciary, within the scope of their scrutiny and oversight powers over the state administration.

The extent to which candidate countries or potential candidates apply these Principles in practice is an indication of the capacity of their national public administration to effectively implement the *acquis*, in accordance with the criteria defined by the European Council in Copenhagen (1993) and Madrid (1995).

ANALYTICAL AND MONITORING FRAMEWORK

The Principles are complemented by a monitoring framework, which makes it possible to assess the state of public administration at a specific time, as well as progress made over time. The monitoring framework features a comprehensive set of quantitative and qualitative indicators, focusing on both the preconditions for successful reforms (good laws, policies, structures and procedures) and the actual implementation of reforms and subsequent outcomes (how the administration performs in practice). To analyse the progress a country is making in applying the Principles, these indicators measure the maturity of relevant components of public administration, providing an overall value between 0 (lowest) and 5 (highest).

For each Principle, the analytical framework includes the definition of the methodological approach and lists the information sources consulted for analysis and data collection. The overall approach recognises that no single measurement method can fully capture the complex issues related to organisational change and changes in social behaviour. As PAR deals almost

exclusively with such matters, it is necessary to obtain as much information as possible from, administrative data, surveys, statistics, interviews, etc. and then to actively cross-check it to arrive at a balanced assessment. The indicators are composed, therefore, of a combination of sub-indicators drawing on different methodologies.

SIGMA collects the evidence and data necessary for monitoring performance and progress in countries during its PAR assessment process. The framework can also be used by national governments (i.e. the institutions co-ordinating or implementing the PAR agenda) or by local think tanks or civil society organisations.



The Principles cover key horizontal layers of the governance system, which determine the overall performance of the public administration.

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Strategic Framework of Public Administration Reform

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Policy Development and Co-ordination

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Public Service and Human Resource Management

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Accountability

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Service Delivery

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Public Financial Management

1

Strategic Framework of Public Administration Reform



Strategic Framework of Public Administration Reform

PRINCIPLES

PRINCIPLE 1:

The government has developed and enacted an effective public administration reform agenda which addresses key challenges.

PRINCIPLE 2:

Public administration reform is purposefully implemented; reform outcome targets are set and regularly monitored.

PRINCIPLE 3:

The financial sustainability of public administration reform is ensured.

PRINCIPLE 4:

Public administration reform has robust and functioning management co-ordination structures at both the political and administrative levels to steer the reform design and implementation process.



PRECONDITIONS FOR SUCCESSFUL REFORMS (good laws, policies, structures and procedures)

- Prioritisation of PAR in key horizontal planning documents
- Coherence of PAR planning documents
- Comprehensiveness of PAR reporting and monitoring systems
- Costed PAR activities (%)
- Establishment of organisational and managerial accountability for PAR

IMPLEMENTATION OF REFORMS AND SUBSEQUENT OUTCOMES

- Reform orientation of PAR planning documents
- Quality of consultations related to PAR planning documents
- Implementation rate of PAR activities (%)
- Fulfilment of PAR objectives (%)
- Actual funding of the PAR agenda

2

Policy Development and Co-ordination

**PRINCIPLE 1:**

Centre-of-government institutions fulfil all functions critical to a well-organised, consistent and competent policy-making system.

PRINCIPLE 2:

Clear horizontal procedures for governing the national European integration process are established and enforced under the co-ordination of the responsible body.

PRINCIPLE 3:

Harmonised medium-term policy planning is in place, with clear whole-of-government objectives, and is aligned with the financial circumstances of the government; sector policies meet the government objectives and are consistent with the medium-term budgetary framework.

PRINCIPLE 4:

A harmonised medium-term planning system is in place for all processes relevant to European integration and is integrated into domestic policy planning.

PRINCIPLE 5:

Regular monitoring of the government's performance enables public scrutiny and supports the government in achieving its objectives.

PRINCIPLE 6:

Government decisions are prepared in a transparent manner and based on the administration's professional judgement; legal conformity of the decisions is ensured.

PRINCIPLE 7:

The parliament scrutinises government policy making.

PRINCIPLE 8:

The organisational structure, procedures and staff allocation of the ministries ensure that developed policies and legislation are implementable and meet government objectives.

PRINCIPLE 9:

The European integration procedures and institutional set-up form an integral part of the policy-development process and ensure systematic and timely transposition of the European Union *acquis*.

PRINCIPLE 10:

The policy-making and legal-drafting process is evidence-based, and impact assessment is consistently used across ministries.

PRINCIPLE 11:

Policies and legislation are designed in an inclusive manner that enables the active participation of society and allows for co-ordination of different perspectives within the government.

PRINCIPLE 12:

Legislation is consistent in structure, style, and language; legal drafting requirements are applied consistently across ministries; legislation is made publicly available.



PRECONDITIONS FOR SUCCESSFUL REFORMS (good laws, policies, structures and procedures)

- Institutionalisation of co-ordination arrangements between the CoG institutions
- Availability of guidance to line ministries during the policy-planning process
- Alignment between central policy-planning documents
- Timeliness of ministries' submission of regular agenda items to the government session (%)
- Use of basic analytical tools and techniques to assess the potential impacts of new draft laws

IMPLEMENTATION OF REFORMS AND SUBSEQUENT OUTCOMES

- Completeness of financial estimates in sector strategies
- Implementation rate of the government's plans for EI-related legislative commitments (%)
- Openness of government decision-making process
- Perceived clarity and stability of government policy making by businesses (%)
- Use of extraordinary proceedings for the adoption of government-sponsored draft laws (%)

3

Public Service and
Human Resource
Management

**PRINCIPLE 1:**

The scope of public service is adequate, clearly defined and applied in practice.

PRINCIPLE 2:

The policy and legal frameworks for a professional and coherent public service is established and applied in practice; the institutional set-up enables consistent and effective human resource management practices across the public service.

PRINCIPLE 3:

The recruitment of public servants is based on merit and equal treatment in all its phases; the criteria for demotion and termination of public servants are explicit.

PRINCIPLE 4:

Direct or indirect political influence on senior managerial positions in the public service is prevented.

PRINCIPLE 5:

The remuneration system of public servants is based on the job classifications; it is fair and transparent.

PRINCIPLE 6:

The professional development of public servants is ensured; this includes regular training, fair performance appraisal, and mobility and promotion based on objective and transparent criteria and merit.

PRINCIPLE 7:

Measures for promoting integrity, and preventing corruption and ensuring discipline in the public service are in place.



PRECONDITIONS FOR SUCCESSFUL REFORMS (good laws, policies, structures and procedures)

- Existence of a central, capable co-ordination body
- Availability and use of data on civil service
- Adequacy of legislative framework for merit-based recruitment for senior civil service positions
- Objectivity of criteria for termination of employment in civil service legislation
- Right to appeal dismissal and demotion decisions to the courts

IMPLEMENTATION OF REFORMS AND SUBSEQUENT OUTCOMES

- Time required to hire a civil servant
- Retention rate of newly hired civil servants (%)
- Dismissal decisions confirmed by the courts (%)
- Application in practice of recruitment procedures for senior civil service
- Perceived level of meritocracy in the public sector (%)

4

Accountability

**PRINCIPLE 1:**

The overall organisation of central government is rational, follows adequate policies and regulations and provides for appropriate internal, political, judicial, social and independent accountability.

PRINCIPLE 2:

The right to access public information is enacted in legislation and consistently applied in practice.

PRINCIPLE 3:

Functioning mechanisms are in place to protect both the rights of the individual to good administration and the public interest.

PRINCIPLE 4:

Fair treatment in administrative disputes is guaranteed by internal administrative appeals and judicial reviews.

PRINCIPLE 5:

The public authorities assume liability in cases of wrongdoing and guarantee redress and/or adequate compensation.



PRECONDITIONS FOR SUCCESSFUL REFORMS (good laws, policies, structures and procedures)

- Strength of basic accountability mechanisms between ministries and subordinated bodies
- Adequacy of legislation on access to public information
- Comprehensiveness of monitoring on the implementation of legislation on access to public information
- Public availability of court rulings
- Coverage of the public liability regime to all bodies executing public authority

IMPLEMENTATION OF REFORMS AND SUBSEQUENT OUTCOMES

- Delegation of decision-making authority within ministries
- Proactivity in disclosure of datasets by the central government (%)
- Implementation of ombudsman recommendations (%)
- Trust in oversight institutions by the population (%)
- Clearance rate in first-instance administrative courts (%)

5

Service Delivery

**PRINCIPLE 1:**

Policy for citizen-oriented state administration is in place and applied.

PRINCIPLE 2:

Good administration is a key policy objective underpinning the delivery of public service, enacted in legislation and applied consistently in practice.

PRINCIPLE 3:

Mechanisms for ensuring the quality of public services are in place.

PRINCIPLE 4:

The accessibility of public services is ensured.



PRECONDITIONS FOR SUCCESSFUL REFORMS (good laws, policies, structures and procedures)

- Existence and extent of application of policy on service delivery
- Existence of central co-ordination for digital government projects
- Central monitoring of service delivery performance
- Legal recognition and affordability of electronic signatures
- Adequacy of policy framework for public service users with special needs

IMPLEMENTATION OF REFORMS AND SUBSEQUENT OUTCOMES

- Renewal of personal identification document
- Repeals of or changes to decisions of administrative bodies made by the administrative court (%)
- Use of quality management tools and techniques
- Interoperability of basic registers
- Perceived time and cost of accessing public services by citizens (%)

6

Public Financial Management

**PRINCIPLE 1:**

The government publishes a medium-term budgetary framework on a general government basis that is founded on credible forecasts and covers a minimum period of three years; all budget organisations operate within it.

PRINCIPLE 2:

The budget is formulated in line with the national legal framework, with comprehensive spending appropriations that are consistent with the medium-term budgetary framework and are observed.

PRINCIPLE 3:

The ministry of finance (or authorised central treasury authority) centrally controls disbursement of funds from the treasury single account and ensures cash liquidity.

PRINCIPLE 4:

There is a clear debt management strategy in place and implemented so that the country's overall debt target is respected and debt servicing costs are kept under control.

PRINCIPLE 5:

Transparent budget reporting and scrutiny are ensured.

PRINCIPLE 6:

The operational framework for internal control defines responsibilities and powers, and its application by the budget organisations is consistent with the legislation governing public financial management and the public administration in general.

PRINCIPLE 7:

Each public organisation implements internal control in line with the overall internal control policy.

PRINCIPLE 8:

The operational framework for internal audit reflects international standards, and its application by the budget organisations is consistent with the legislation governing public administration and public financial management in general.

PRINCIPLE 9:

Each public organisation implements internal audit in line with the overall internal audit policy documents, as appropriate for the organisation.

PRINCIPLE 10:

Public procurement regulations (including public-private partnerships and concessions) are aligned with the European Union *acquis*, include additional areas not covered by the *acquis*, are harmonised with corresponding regulations in other fields, and are duly enforced.

PRINCIPLE 11:

There is central institutional and administrative capacity to develop, implement and monitor procurement policy effectively and efficiently.

**PRINCIPLE 12:**

The remedies system is aligned with the European Union *acquis* standards of independence, probity and transparency and provides for rapid and competent handling of complaints and sanctions.

PRINCIPLE 13:

Public procurement operations comply with basic principles of equal treatment, non-discrimination, proportionality and transparency, while ensuring the most efficient use of public funds and making the best use of modern procurement techniques and methods.

PRINCIPLE 14:

Contracting authorities and entities have the appropriate capacities and practical guidelines and tools to ensure professional management of the full procurement cycle.

PRINCIPLE 15:

The independence, mandate and organisation of the supreme audit institution are established and protected by the constitutional and legal frameworks and are respected in practice.

PRINCIPLE 16:

The supreme audit institution applies standards in a neutral and objective manner to ensure high-quality audits, which positively impact on the functioning of the public sector.



PRECONDITIONS FOR SUCCESSFUL REFORMS (good laws, policies, structures and procedures)

- Strength of the fiscal rules
- Clarity of national accounting standards and consistency with international standards
- Completeness of the regulatory framework for internal control
- Right to challenge public procurement decisions
- Compliance of audit methodology with International Standards of Supreme Audit Institutions

IMPLEMENTATION OF REFORMS AND SUBSEQUENT OUTCOMES

- Credibility of medium-term revenue plans (%)
- Difference between public sector debt outturn from target (%)
- Quality of internal audit reports
- Actual processing time of complaints in public procurement system
- Perceived effectiveness of supreme audit institutions by citizens (%)



1. EC (2014), *Enlargement Strategy and Main Challenges 2014-15*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2014) 700 final, 8 October 2014, EC, Brussels, https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2014/20141008-strategy-paper_en.pdf
2. Article 41, Right to good administration: 1) Every person has the right to have his or her affairs handled impartially, fairly and within a reasonable time by the institutions and bodies of the Union. 2) This right includes: the right of every person to be heard, before any individual measure which would affect him or her adversely is taken; the right of every person to have access to his or her file, while respecting the legitimate interests of confidentiality and of professional and business secrecy; the obligation of the administration to give reasons for its decisions. 3) Every person has the right to have the Community make good any damage caused by its institutions or by its servants in the performance of their duties, in accordance with the general principles common to the laws of the Member States. 4) Every person may write to the institutions of the Union in one of the languages of the Treaties and must have an answer in the same language.
3. OECD (1999), *European Principles for Public Administration*, SIGMA Papers, No. 27, OECD Publishing, Paris, <https://doi.org/10.1787/5kml60zwd7h-en>

Read more about *The Principles of Public Administration*



The sub-principles specifying the requirements under each Principle and the analytical methodology are set out in the full version of *The Principles of Public Administration*, which is digitally available on the SIGMA website:

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