

# **Public Administration in Azerbaijan – what is it? And is it capable of significant reform?**

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## INTRODUCTION

This paper, commissioned by the World Bank, is based on the author's experience working from February 2003 to February 2005 as Team Leader of an EU civil service reform project – advising the Presidential Apparatus on the implementation of the 2002 Civil Service Law – and on subsequent research and interviews in 2005 with about 20 highly placed individuals already known to the author. The interviews were confidential – and therefore the names are withheld. Suffice it to say that they include senior individuals in the Presidential Apparatus; from parliament; from Ministries and State Bodies; and Local State Administration.

These interviews were helped by the relationship borne of that 2-year spell of work - but by two developments which had taken place in recent months –

- from October 2004 through to January 2005, the local media had carried numerous extended articles on the issues being raised by the project<sup>1</sup>; and
- during December and January the author helped produce the first three books ever written in the Azeri language on issues of civil service and administrative reform<sup>2</sup>. These raise a whole variety of issues about the operation of state bodies and the civil service. They had been widely distributed – and were in the possession of those interviewed.

The discussions also took place in the aftermath not only of the March 24 Kyrgyz Revolution (from where the author had just returned) – but of a very serious Ministry of Interior scandal<sup>3</sup>. They were therefore very open – and not characterised by the formality and defensiveness which might otherwise have been expected in a regime which has been so opaque.

I am conscious that the style of the paper is therefore unusual for World Bank documents – which have to satisfy certain technocratic standards of objectivity and substantiability.

I would submit that, however valid these might be in the WB core field of economics, they do not serve it well in this field of public administration reform – as the World Bank has recognised in recent years. Recent publications have clearly stated that its interventions in this field needed to

- take more account of the demand side of development
- be able to identify and respond to “windows of opportunity”<sup>4</sup>
- be based on firmer diagnostics – but that governance was not an easy area to quantify. Various tools and toolkits have been developed to deal with this situation<sup>5</sup>.

In drafting this paper, the author draws not only on 15 years' experience of living in transition countries and working on governance issues – but on his practical experience as a policy-maker and reformer<sup>6</sup> and background in administrative theory and practice and policy analysis. Regimes can be and are classified – and one can make generalisations about the behaviour which becomes dominant in these different types of regime. Of course, each country is unique in its subsequent trajectory of change

This paper goes beyond the diagnostics – and tries to offer ways of thinking about the various elements of good government which can be used to help those interested in improving the performance of state bodies in Azerbaijan – by giving them benchmarks and options.

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<sup>1</sup> These collected articles can be obtained from Europe House website in Baku

<sup>2</sup> Azerbaijan's Civil Service in comparative perspective by Sabanov and R Young (Baku 2004); PAR in Azerbaijan – perspectives and problems by E. Asanov and R Young (EU Tacis); Unlocking the Human Potential – a new approach for the Azeri Civil Service in the 21<sup>st</sup> Century by Gulzar Guliyeva, A Gilmour and R Young (Baku 2004)

<sup>3</sup> which incriminated staff at the highest level – and led to sacking and prosecution of about 10 staff

<sup>4</sup> International Public Administration Reform – implications for the Russian Federation (N Manning et al World Bank Feb 2003) – available in English from [www.inweb18.worldbank.org](http://www.inweb18.worldbank.org)

<sup>5</sup> Administration and Civil Service Assessment Tool available from [www.worldbank.org/publicsector/test/civilservice/](http://www.worldbank.org/publicsector/test/civilservice/)

<sup>6</sup> 16 years political secretary to the cabinet of Strathclyde Regional Council which covered half of Scotland and employed 100,000 staff

## PART ONE – THE WIDER CONTEXT

### 1. Azerbaijan is a slow and reluctant reformer

At the moment – despite the privatisation which has taken place and the ongoing judicial and budget reforms – Azerbaijan falls into the “slow and reluctant” category for political, administrative and economic reform<sup>7</sup>. Its system can be defined as

- Centralised/feudal
- Closed
- corrupt

It is centralised in -

- **policy-making style**; new policy directions are signalled in Presidential Decrees developed in secret – with parliament and state bodies playing no real role in developing policies
- **management style and systems** in state bodies; where old Soviet one-man management still prevails, with crisis-management modes evident and no managerial delegation
- the **absence of conditions for the new local government system** to be much more a paper exercise
- it has, however, **feudal** elements inasmuch as Ministers – although without policy-making powers – have a very strong position

It is closed in that -

- There is **little acceptance of pluralist methods of thinking**; for example about the need for separation of power; and challenge to ideas and conventional wisdom
- It is **difficult for independent-minded reformers to stand for election**<sup>8</sup>
- **Recruitment to civil service** is done on the basis of (extended) family links
- There is **not yet a developed system of sending bright graduates to foreign universities** and placing them on their return in state position
- Bright graduates now go either to the private or international<sup>9</sup> sector
- **Censorship** is widespread – whether formal or informal through media being owned and controlled by government and administration<sup>10</sup> figures

It is corrupt in that significant numbers of –

- Key government and administrative **positions** are bought
- students can and do buy educational **qualifications**
- public officials (are expected to) accept informal payments for **special favours**
- senior administrative figures have substantial and active economic interests

This paper looks in more detail at the workings of the system – to explore what the prospects are for improving this situation.

Admin reform was, until recently, notoriously difficult in developed countries – where constitutions, professional power and the interplay of democratic politics put breaks on what could be done. Such factors are missing in countries such as Azerbaijan – but even stronger forces of a different nature make it difficult for administrative reform to even get onto the agenda. Many people would argue that administrative reform is possible only when there is an

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<sup>7</sup> Rating in EBRD??

<sup>8</sup> This is not to say that there are not independent-minded people in the Parliament! We have worked with several.

<sup>9</sup> Eg the large Poverty Reduction Secretariat (funded by international donors) almost outnumbers the policy analysts in the official government system.

<sup>10</sup> For one assessment see “Azerbaijan: An Unvirtuous Circle” by Christopher Walker TRANSITIONS ONLINE: 13 March 2005. See also the strong PAC critique in late April 2005.

independent business sector and a democratic society. And, that there is simply no incentive to reform when elections, media and businesses are effectively controlled by the administrative elite. This issue is dealt with in the final section of the paper.

## 2. Of course, reforms are taking place

A critical report from the Presidential Apparat on the reform of the state was drafted in 1998– and the actions which both did and did not follow that report have been summarised and analysed elsewhere<sup>11</sup>. Relevant reform developments since then include -

- Privatisation of property and larger public enterprises<sup>12</sup>;
- Legal (mainly in the civil and economic sphere and human rights) and Judicial reform (overhauling of the judicial system, appointment of new judges, restructuring of Prosecutor General's Office);
- Creation in 2002 of the Ombudsman institution;
- State Committees and Ministries have been merged and more than 30 state bodies reformed<sup>13</sup>
- Several Ministries scaled down their labour force<sup>14</sup> and introduced a more competitive salary structure;
- a new municipal self-government system was introduced 1999; with elections held in 2000 and 2004;
- A Civil Service Law was adopted in 2001, signalling the intention to introduce more open systems of recruitment; and in January 2005, a Decree indicated that a Civil Service Commission would be established to take this forward
- The Anti-corruption Law entered into force in 2005 and a special department under MCCA was established to ensure its proper implementation.
- the new President did begin, in 2004, to make some interesting appointments. Four Ministers had been replaced up to the end of November, some young Deputy Ministers appointed, and a number of Local Executive Authorities replaced.
- In late March, his choice for Chairman of the new Civil Service Commission was widely seen as an indication that he was taking such reform seriously.

## 3. But are constrained by slow progress on democratic reforms

However, in most of these cases, the action taken by the government has just been a first step – in each case, a lot remains to be done before, for example, the new civil service recruitment system, the judicial processes or the new municipal self-government system are working as they should.

Azerbaijan is moving toward a more democratic system – but is still a long way short of it – and this profoundly affects the chances of administrative reform. The intentions, for example, of a Civil Service Law can be undermined if other parts of the system are unreformed.

The Government system in a democracy is made up of several structures or systems each of which has a distinctive role. It is this **sharing of responsibilities** – in a context of free and open dialogue – which ideally gives democratic systems their strength – particularly in

- Producing and testing ideas
- Checking the abuses of power
- Ensuring public acceptance of the political system – and the decisions which come from it.

The key institutions for a democratic system are -

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<sup>11</sup> PAR in Azerbaijan – perspectives and problems by E. Asanov and R Young (EU Tacis)

<sup>12</sup> latest EBRD report ([farid](#))

<sup>13</sup> State Programme on Poverty Reduction and Economic Development 2003-2005, (2003), page 137

<sup>14</sup> Ministry of Taxation reduced staff by 40%, MIA reduced road police by 15 % and The Ministry of Labour transferred in spring 2004 about 1,500 staff to the Social Fund and making 150 staff redundant

- A **political executive** - whose members are elected and whose role is to set the policy agenda- that is develop a strategy (and make available the laws and resources) to deal with those issues which it feels need to be addressed.
- A freely elected **legislative Assembly** – whose role is to ensure (i) that the merits of new legislation and policies of the political Executive are critically and openly assessed; (ii) that the performance of government and civil servants is held to account; and (iii) that, by the way these roles are performed, the public develop confidence in the workings of the political system.
- An independent **Judiciary** – which ensures that the rule of Law prevails, that is to say that no-one is able to feel above the law.
- A free **media**; where journalists and people can express their opinions freely and without fear<sup>15</sup>.
- A professional impartial **Civil Service** – whose members have been appointed and promoted by virtue of their technical ability to ensure (i) that the political Executive receives the most competent policy advice; (ii) that the decisions of the executive (approved as necessary by Parliament) are effectively implemented ; and that (iii) public services are well-managed
- The major institutions of Government - **Ministries, Regional structures (Governor and regional offices of Ministries) and various types of Agencies**. These bodies should be structured, staffed and managed in a purposeful manner
- An independent **system of local self-government** – whose leaders are accountable through direct elections to the local population<sup>16</sup>. The staff may or may not be civil servants.
- An active **civil society** – with a rich structure of voluntary associations – able to establish and operate without restriction. Politicians can ignore the general public for some time but, as the last ten years has shown, only for so long! The vitality of civil society – and of the media – creates (and withdraws) the legitimacy of political systems.
- An independent **university** system – which encourages tolerance and diversity

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<sup>15</sup> See earlier article from Transition Online

<sup>16</sup> Encouraging a strong and free system of local self-government is perhaps the most difficult part of the transition process – since it means allowing forces of opposition to have a power base. But it is the way to develop public confidence in government!

### How do these institutions perform in Azerbaijan?<sup>17</sup>

The next section of this report will look in detail at how these institutions currently operate – with particular reference to their capability, openness and accountability. The table below gives an overview which indicates the scale of the problem.

Institution	Comment	Extent of reform effort
Political executive	Centralised and opaque. Baronial system.	Non-existent
Parliament	Low – elections controlled; and not permitted to change draft laws from President	Minimal
Judiciary	Still not independent	Promising
Media	Strong state control	Non-existent
Civil service	Positions bought and appointments made on grace and favour basis	Starting
State bodies	Corrupt and insensitive to public need	Ministry of Taxation and Min of Foreign Affairs making efforts
Local government	elections controlled; No real powers	Non-existent
Civil society	Major registration problems	
University	Examinations and Degrees are bought by more than half of the students	minimal

The last two are strictly outside the scope of this paper – although one has to recognise the significant difference which the **State Student Entrance Commission (SSEC)** has made to the integrity of the university entrance process.

A few years back this was thoroughly corrupted – contributing to the undermining of educational standards in the country. Since the establishment of the Commission (in ?); the appointment of a reform Chairwoman; and the introduction of written tests, the process has become much more objective and accepted as legitimate.

A further, very recent and important, step has been the introduction of a further set of tests managed by the SSEC for candidates for Masters' programmes. This is seen as a very critical step in dealing with the adulterated university accreditation system.

This example does indicate that reform is possible – although the Chairwoman does experience open hostility from such key people as the Minister of Education<sup>18</sup> and did face a major challenge in 2004 when examination answers were leaked to candidates – and the entrance examination had to be rescheduled. She herself – as is normal in this legal regime – faced charges and defended herself successfully in court. The incident was widely seen as fixed by powerful forces in an effort to discredit the system and the Chairwoman.

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<sup>17</sup> The Freedom House series “Nations in Transit” makes annual assessments of 6 factors, 3 of which are “governance”, legislative and judicial framework” and “corruption”. The 2004 report for Azerbaijan showed an improvement in only one of these factors (governance) since 1997. The same report also referred to a 2003 IFES survey of public opinion

<sup>18</sup> well known as one of the old guard – who dislikes the merit system and supports a recent parliamentary measure to remove the Commission’s independence and place it under his Ministry!

## PART TWO – APPRAISAL

### 4. Plotting Progress

Public Administration consists of three systems - and their interaction –

- **The development of policies**(how governments craft responses to problems - and plan and carry out their implementation);
- **The management of institutions** (macro and micro) and
- **resource management** (creating, allocating and managing pools and flows of finance and personnel).

Put into a matrix, this gives a useful map or checklist<sup>19</sup> for assessing any PAR system –

	<b>Systems for -</b>	<b>Institutions -</b>	<b>People for -</b>
4.1 Policy-making and implementation	<ul style="list-style-type: none"> <li>- Policy analysis</li> <li>- Legal drafting</li> <li>- Project management; and implementation</li> <li>- Monitoring and reporting</li> </ul> <p>Box 1</p>	<p>Eg -</p> <ul style="list-style-type: none"> <li>Cabinet units?</li> <li>Task forces?</li> <li>Parliamentary committees?</li> <li>Inter-ministerial structures?</li> </ul> <p>Box 2</p>	<p>Budget line to ensure trained</p> <ul style="list-style-type: none"> <li>• trainers</li> <li>• policy experts</li> <li>• legal drafting experts</li> <li>• project managers</li> <li>• evaluators</li> </ul> <p>Box 3</p>
4.2 Institutional Development – making structures work	<ul style="list-style-type: none"> <li>- Judicial and electoral systems</li> <li>- Functional Review; Organizational analysis</li> </ul> <p>Box 4</p>	<ul style="list-style-type: none"> <li>- Parliament</li> <li>- Courts</li> <li>- Municipalities</li> <li>- Body for admin reform</li> </ul> <p>Box 5</p>	<p>Budget line to ensure-trained –</p> <ul style="list-style-type: none"> <li>• judges</li> <li>• MPs and councillors</li> <li>• Auditors</li> <li>• trainers</li> </ul> <p>Box 6</p>
4.3 Resource Use – C1 Civil Service Reform C2 Budgetary reform	<ul style="list-style-type: none"> <li>- recruitment; attestation; training</li> <li>- Budgetary and audit systems</li> <li>- local government finance</li> </ul> <p>Box 7</p>	<ul style="list-style-type: none"> <li>- Civil Service Agency</li> <li>- Training institutes</li> <li>- Treasury</li> <li>- Audit bodies</li> </ul> <p>Box 8</p>	<p>Budget line to ensure trained -</p> <ul style="list-style-type: none"> <li>• HRM experts</li> <li>• trainers</li> <li>• Budget experts</li> </ul> <p>Box 9</p>

The next 3 sections should be seen as an initial and very tentative attempt to assess the present situation against this matrix.

<sup>19</sup> this is an updated version of the table which I first developed for the book PAR in Azerbaijan – perspectives and problems by E. Asanov and R Young (EU Tacis 2004)

#### **4.1 Policy-making and implementation in Azerbaijan (boxes 1-3)**

Policy-making is a notoriously difficult process for the CIS countries – whose role, under the soviet system, was passively to accept and implement Moscow’s instructions. The countries have had to build the skills of “statecraft” from scratch after independence.

And systematic and critical appraisal of structures and policies cannot be learned overnight<sup>20</sup>.

It is difficult to change mind-sets schooled in “scientific socialism”; it takes time for any more independent-minded younger generation<sup>21</sup> to reach positions of influence.

#### **A. Systems for -**

##### **a. Policy analysis and Development;**

Whether the locus of power is with the cabinet or president, there should be clear procedures governing the preparation of new policies<sup>22</sup> - and it is important that the skills of policy development are built up both in the Ministries and at the heart of power.

Policy-making in Azerbaijan is characterised by the following features–

- the first document to appear tends to be a legal draft – rather than a statement about the problem and the key features which need to be changed.
- Initial discussion therefore focuses on technical detail (which is more liable to produce dispute)– rather than the broad picture (which can bring consensus)
- tasks are often general and unclear (“wish-lists”) – in some cases because such fudge is necessary in a coalition situation.
- they are rarely sequenced
- they are not agreed in advance with the body which is expected to carry them out
- resources (inputs) are rarely specified
- the expected results (outputs) are rarely expressed in measurable terms
- responsibilities are often shared and therefore confused. If everyone is responsible, no-one is!
- Monitoring is not continuous – but one-off and generally too late

Key questions here are -

- How are existing policies assessed – by whom; using what data?
- How are new priorities articulated and defined?
- How systematically and transparently are options identified and assessed?
- What sort of impact assessment is carried out?
- Who are the key players

These questions can be answered in a **formalistic** or **realistic** way. The former approach would describe the role which various groups and institutions play in the development of new policies.

The latter focuses more on the quality of the results. At a training session, an Azeri parliamentarian described very positively the consultative process followed in the drafting of legislation – with the involvement of various scientific and interest groups in the process. “We have the most perfect of laws”, he said but added plaintively “but they don’t work! Why not?”

The answers to these questions would include –

- Wrong policy
- Inadequate resources
- Benign (or otherwise) neglect

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<sup>20 20</sup> Very useful recent guides written for those in transition countries are How to be a policy adviser M Grochowska and M. Ben-Gera (NISPAcee 2002) which can be downloaded in Russian and English from [www.nispa.sk](http://www.nispa.sk); and Writing Effective Public Policy papers – a guide to policy advisers in Central and East Europe (Local Government and Public Service Initiative, Budapest 2002) – which can be downloaded from [www.lgi.osi.hu](http://www.lgi.osi.hu) note the useful primer on policy analysis published in both English and Russian by LGI

<sup>21</sup> not evident in central Asia and Caucasus

<sup>22</sup> see Strategic Decisionmaking in Cabinet Government – institutional underpinnings and obstacles N Manning, J Blondel (World Bank 1999)



- Lack of proper preparation (project management)
- Poor management
- Changed priorities

In all CIS countries, the issuing of Laws or Regulations is seen to be a higher priority than such things as assessing the technical feasibility of the various mechanisms embedded in the legal documents. This normally requires a cabinet or PA apparatus which subjects new policy proposals to tough procedural requirements to ensure such things as impact analysis and coordination.

The Azeri policy system is unreformed – power of initiative rests in the hands of the President, his advisers and officials in the Presidential Office. And the key advisers have held the positions of power for decades and have amassed not only power but wealth. Few of them are friends of what little reform is currently being undertaken. A functional review was carried out during 2003-04 of the Cabinet of Ministers – but its remit was limited to the CabMin (and did not include the role of the Pres Office); and it focused more on efficiency than system issues

Despite this absence of a systematic approach to policy issues, Azerbaijan seems to have a positive approach to the development of national strategies. There are strategies for –

- Poverty reduction
- Regional development
- Employment
- Information technology

However, these are developed in the manner of the corporate plans of American business of the 1970s<sup>23</sup> – by units of highly educated (younger) staff isolated from the power structures – and do not therefore seem to have much influence. They therefore have a rather symbolic role. And, sadly, the chapter on “Institutional Reforms and Capacity Building” in the 2005 Report<sup>24</sup> consists only of descriptions of foreign TA projects in this field – and does not, for example, make any effort to identify constraints. There is a strong view amongst senior reformers that the educational system is not producing graduates able to think logically and creatively – and capable of drafting clear and concise analytical appraisals. We have already touched on this issue and will explore it further in section 4.3.2.

#### **b. systems for Legal drafting – and scrutiny**

The most active players in legislative reform in Azerbaijan are the relevant departments in the Presidential apparatus and the administration of the Milli Majlis and to some extent the Milli Majlis committees. The Cabinet of Ministers has also a legislative department, but which plays a minor role. On the other side ministries, which hold most of the relevant expertise, are also more and more involved in drafting laws and regulations concerning their respective field of responsibility. However, it is obvious that the Presidential apparatus has a strong say in all draft legislation and that discussions in the Milli Majlis have a minor impact on the outcome of the laws. Legislators have received advice from international organisations and technical assistance over the last years, in particular from the CoE in redrafting laws relevant to honour Azerbaijan’s commitment towards this organisation and from GTZ in the elaboration of the Civil Code, procedural codes and other laws affecting private sector development.

Of major concern is that draft legislation is usually not publicly discussed. A culture of public discussion with stakeholders and involvement of outside expertise (NGO’s, professional associations, think tanks and business community) has not yet been established and therefore there is very little interaction between concerned circles of society and the government during the legal drafting of laws. Consequently the public remains largely uninformed about legislative

<sup>23</sup> For the classic critique, see *The Rise and Fall of Strategic Planning* by H Mintzberg; also R Kanter’s ?

<sup>24</sup> chapter 6 - published April 2005

changes. It is therefore not surprising that laws are widely ignored and not complied with and that confidence in the law-making process and the legal system in general is very low. Certainly, one of the problems in the current Azeri system seems to be the way in which legislation is drafted. On the basis of the author's experience, questions can be raised about -

- the coherence of the briefing given to the legal drafters
- the consistency with which tasks are allocated
- the coordination throughout the process
- the borrowing of text from foreign countries
- the adequacy of legal training – and training in legal-drafting

Different countries, of course, have different approaches to these questions. It is very much a British tradition that the legal drafters come into operation only when the structure of the problem has been reasonably well articulated. Here a “problem” seems often to be passed without any real explanation of intentions to the drafter – who is left to his own devices about how to “frame” the problems and text. This partly reflects the lack of a “team brainstorming” culture in ex-soviet countries – where the tradition has been officially to delegate the task of developing a concept to a group - which then rarely meets. It is generally a lone individual who takes the burden of the writing.

With knowledge about many of the areas being legislated upon being weak, the appropriate dialogue between the drafter and a technical expert is often also absent or inadequate. And, the temptation is strong to use available text (in Russian) from other countries – without appreciating the different and sometimes contradictory assumptions they contain.

Drafting is often also a “serial” process – with different hands involved at different stages and little sustained dialogue between them to deal with the underlying issues<sup>25</sup>.

Another frequent problem with new laws is that often they do not abolish the former existing laws and thus cause confusion on the applicable legal text. In addition, ministries sometimes issue their own regulations and provisions, which might contradict the regulations or provisions of other ministries or agencies. The rule of article 33 of the Law on Normative-Legal Acts according to which existing legal acts concerning the same subject matter are implicitly abrogated on the adoption of a new law is bluntly ignored by many public officials and even judges.

### **c. Implementation and project management process**

Effective implementation requires that policies are designed on project management principles – not only that problems are coherently defined and options critically assessed but that this process is done with the issues of implementation being properly confronted. This requires -

- ensuring **understanding and acceptance** of new policies<sup>26</sup> – through, for example, sufficient public and parliamentary debate. In the absence of such debate, opposition will continue (or only start) at implementation stage
- ensuring the **budgets** necessary for the mechanisms are properly calculated and voted through
- **phasing in** the actions and new programmes in a realistic timetable
- designing and delivering **training** in a relevant way
- **phasing out** conflicting or redundant programmes or structures.

State bodies in Azerbaijan, as is discussed later, are not yet designed for achieving results for the public – but have other purposes.

The basic principle is that the boss is to be obeyed – so there can be little planning. It is simply to be done – even it means trying to repair a road at peak period in a most superficial way<sup>27</sup>.

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<sup>25</sup> During his work on the implementation of the Civil Service Law, the author was told that – although it was clear that a new Decree on Recruitment procedure should be drafted – this would be very difficult as the 3 existing Decrees had been drafted by 3 different people who would have difficulty agreeing the new text.

<sup>26</sup> not least by those who will have to carry out the new requirements!

<sup>27</sup> an example witnessed by one of the authors

Why bother to do a critical path analysis – when the boss will just see your patient attempts to explain why things will take longer than he imagines or wants as obstructive and disloyal? Better to suggest unrealistic timetables.

And certainly no-one (in the system) will thank you for setting out in clear steps and Azeri – for the public benefit - the procedures<sup>28</sup> necessary to obtain the various licences, for example, for getting a building permit. Far better to keep this confused – that way there is more scope for bribery<sup>29</sup> and maintenance of expected institutional earnings!

#### **d. Data and Monitoring**

A good policy-making system depends on up-to-date and reliable data – and its proper use

The Azeri approach to data seems still locked into the soviet philosophy of collecting extensive data (of dubious quality) – which is then expected to speak for itself, rather than being subjected, for example, to the testing of hypotheses.

The State Land and Cartography Committee started the land reform programme based on out-dated information and land parcel maps of 50s-60s. It was this which finally destroyed the whole land reform process (number of conflicts between landowners and authorities arose).

However the World Bank's project: Establishment of unified cadastre system of Nakhchivan AR started from scratch and was successfully implemented). Unfortunately, due to lack of proper cadastre system, there is procedural chaos in land ownership in Baku and other towns and rayons of Azerbaijan now (except Nakhchivan). Even the establishment of the new State Register Service Department of Real Estate under the Cabinet of Ministers (that was formerly under State Land Committee and then under Ministry of Economic Development) would hardly solve this difficult problem.

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<sup>28</sup> one useful starting point for an admin reform project could be the simplification and visibility of such procedures!

<sup>29</sup> one reason for the high prices of flats in Baku is suggested to be the number of licensing and control agencies and personnel who need to be paid

## **B. Institutions and personnel for policy-making**

Azerbaijan has no dedicated structures for policy-making such as special units; or task forces – although the recent employment strategy was developed in a fairly productive inter-ministerial setting. Section Aa above indicates the general approach that is taken to the development of new policies.

e. The **role of parliament** has also two unusual features -

- It cannot amend laws sent by the President, Supreme Court, Prosecutor's Office – or the Assembly of the Autonomous Republic of Nakchivan<sup>30</sup>
- It has legal-drafting powers of its own – which arguably distracts it from the prime task of scrutinising draft legislation from the Executive – particularly when the vast majority of legislation comes from that source.

f. A lot of groups are generally involved in the development of new policies. Indeed one of the challenges for the machinery of government in every country is to develop structures of constructive dialogue which recognise the legitimacy not only of

- The decision-taker (central or local politicians)
- gatekeepers (the senior administrator who screens the information and perspectives for the Minister)
- specialist advisers in the Department (often the senior administrator)
- policy analysts

but also of a whole range of other people who have important perspectives on policy issues which are denied those at the top of Ministries. These include professional practitioners (for example doctors and teachers); middle-managers; pressure group members; journalists; academics – let alone customers; and citizens<sup>31</sup>.

The need for such consultation is not yet accepted in Azerbaijan – partly because the skills of policy analysis are not yet understood or developed. The rest of this section is concerned to sketch out the sort of capacity which needs to be developed in the Azeri public admin systems.

**The crucial question, of course, is how will the incentive system change to make this an attractive course of action here?**

### **g. What precise activities are involved in Policy Development?**

This is a difficult field – where a lot of inexperienced young technocrats tread unwarily – and, as Deborah Stone has brilliantly analysed<sup>32</sup> – with utter insensitivity to the value judgments which only the political system can resolve.

Developing policies is a multi-layered process – involving a complex interaction of processes and people – as illustrated by this table –which the author first developed for the Slovak Government in 2002

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<sup>30</sup> Article 96 (ii) of the Constitution says these “are submitted for discussion and voted upon in the form in which they are submitted”!

<sup>31</sup> Curiously it is only in the past decade that it has been appreciated that the individual citizen is effectively the most important commentary on the workings of the state system.

<sup>32</sup> In Policy Paradox – the art of political decision making (Norton 2002)

Activity	Who should be involved?	Issues (Sections B and C give more detail)
<b>1. Deciding a structure for the work</b> <b>Drafting its terms of reference</b>	Key policy-maker	These two decisions have a profound effect on the outcome. The exclusion of <b>issues</b> and <b>individuals</b> can be deliberate - or a dangerous oversight. If a task-force is set up, it needs to work as a team
<b>2. Defining the problem - Understanding it</b>	analysts	Systems thinking and modelling use of diagrams Consultation processes
<b>3. Identifying potential support and resistance</b>	Task force leadership	Stakeholder analysis Identifying and dealing with resistance
<b>4. Developing criteria and principles</b>	The analyst	Needs to be done explicitly and in advance – otherwise unconscious biases creep in
<b>5. Searching for options</b>	Many people	Avoiding GroupThink Consultation techniques Brainstorming Using search technique (websites)s
<b>6. Testing them</b>	The analyst	
<b>7. Developing a draft action plan. “Imagining”</b>	The analyst	Opportunity to identify (a) practical issues for decision-makers and (b) people who need to be lobbied.
<b>8. Presenting the Recommendations</b>	The analyst	<ul style="list-style-type: none"> <li>• Lobbying</li> <li>• Report-writing</li> </ul>
<b>9. Deciding</b>	Cabinet	
<b>10. Action Plan</b>		Project management techniques
<b>11. Implementing</b>	Change agents Managers	Major change does not implement itself – key appointments should be made and Leaders need to “walk the talk”. Communications needed to ensure staff understand
<b>12. Monitoring</b>	Managers	Ongoing – and corrective action taken
<b>13. Evaluation</b>	independents	
<b>14. Reviewing</b>	Key policy-makers	

- h. The work of the policy analyst should be distinguished from that of policy and political advisor –
- **Policy advice** comes from inside the civil service system - and is limited to choosing between given options.
  - **Political advice** is more tactical – and concerned with political impact
  - **Policy analysis** is (or should be) strategic – that is to say rigorous in its search for causation and relevant options; firmly tested for relevance, feasibility and impact.

	<b>Policy Advisor</b>	<b>Political advisor</b>	<b>Policy analyst</b>
<b>Relationship with policy maker</b>	Formal - part of the Civil Service	Close and trusted – personal appointment of Minister	More distant and neutral – (in)formally appointed by Government to carry out clearly defined, time-limited work
<b>Scope of the work</b>	Focussed on routine professional issues	Broad –with focus on immediate political impact	Focussed on outputs
<b>Timescale of work</b>	Routine	Urgent	Medium-term
<b>Structure of work</b>	Meetings with departments and interest groups	generally done on a one-to-one basis	In a group structure
<b>Search for options</b>	Very limited – to existing options	Wider	widest
<b>Transparency</b>	confidential	Informal and confidential	Open - involves extensive consultation and publication of final report
<b>Rigour and impact testing</b>	weak	Weak – often built on hidden assumptions and narrow options (“back of envelope”) – with political considerations very high	Strong – agnostic - holistic
<b>Skills</b>	Specialist and managerial	Political – although the individual is often from a specialist background	Analytical
<b>Professional Concern</b>	Standards of Civil Service conduct	Ministerial survival	Standards of academic probity

In fact, it is probably more helpful to see the three terms as points in a spectrum.

At one end of the spectrum is the political advisor - with an emphasis on political skills

At the other end, the policy analyst – with an emphasis on analytical skills

In between is the policy advisor – who combines the two with a particular emphasis on the task of implementation (managerial skills)

Whether such roles are formally distinguished will depend on the institutional conventions of each country. And countries such as Azerbaijan which have a very recent tradition of Statehood and skills of Statecraft will naturally find themselves at a distinctive point in the spectrum – which will combine elements of the three roles. This makes it all the more important to appreciate the choices of emphasis – and to watch out for the deficiencies which each role is prone to!

**i. The necessary skills of the policy analyst include –**

- Intellectual curiosity
- Inter-personal skills
- Systems thinking
- good analysis skills,
- good project management skills,
- good relationship-building skills (team skills)
- tolerance for ambiguity,
- creative approach to tasks.

The analyst should feel comfortable in the following roles:

- a team coordinator
- an information gatherer
- an information analyser
- a report writer
- a report presenter

**j. How can such developments be encouraged – and the results used?**

There is little point in such skills being taught – if there is no demand for them. The Presidential Academy for Public Administration has, since 1999, been in a central position for generic training for civil servants. Every month or so, 1 short course is organized on subjects approved by the Presidential Office. And about 170 civil servants are attending part-time Degree courses.

The PO approves the Academy suggestions – and occasionally makes its own suggestions. This is a rather passive role. There should be a clear training strategy – identifying priority subjects and groups for skill and knowledge development. But this actually requires first a strategy for civil service or public administration reform - to identify the shape of the changes which would need training support.

The main product of the Academy, however, is its undergraduate courses - although few students are in fact recruited subsequently to state bodies. Post-experience short-courses are relatively new. The Presidential Apparatus approves the selected senior officials to go on short courses currently on offer at the Presidential Academy.

It seems that at the moment, the main objective is individual career development, rather than organizational change. Under present leadership, the Academy does not play – and is not capable of playing - any significant role in improving the public administration system in Azerbaijan.

More than half of the Ministries have their own training Centres (Justice – three Centres; one for legal, one for municipal and one for penitentiary matters; Foreign Affairs; Finance; Taxation; Labour and Social Welfare; Tele-Communications, Health; Education.

Training courses focus mainly on specialist professional knowledge and skill needs – and rarely cover any management topics. HRM Heads and Division Heads have responsibilities and are consulted about needs only in those Ministries with Training Centres.

This issue is explored later in more detail.

## **4.2 Institutional Dynamics in Azerbaijan (boxes 4-6)**

Institutions, like people, may have their own internal DNA<sup>33</sup>, metabolism and driving forces but they do what they do to a large extent because of external forces – pressures, incentives and threats. Without external checks and strong, accountabilities, public institutions usually degenerate into complacency - or worse.

One way, therefore, to understand the operation of state bodies in Azerbaijan is by posing questions about the strength of electoral and judicial accountability systems; and the extent of strategic assessment and reporting in state bodies.

Paragraphs Five and Six deal with the crucial issue of the role of the local dual subordination system, decentralization and the new municipalities in more detail. This paragraph focuses on the state systems.

### **4.2.1 Systems for accountability**

Public Accountability is non-existent in Azerbaijan at the moment. Elections and media are tightly controlled – although the first half of 2005 has seen significant change of public mood<sup>34</sup> as the November parliamentary elections approach.

#### **a. Rule of Law**

Fair and consistent enforcement of the country's laws and regulations is crucial for citizens' trust in the system and the development of rule of law and democratic institutions. A number of transition economies have made extensive changes to their legal and regulatory framework, but have failed to follow through consistently at the level of implementation and enforcement. Implementation and enforcement of laws, is one of the weaknesses in the Azeri legal system. Results of recent surveys<sup>35</sup> confirm that there is a significant gap between the law in the books and its implementation on the ground. The main issues raised are lack of confidence in the impartiality and independence of the court system and poor quality of judicial personnel<sup>36</sup>. In particular foreign investors complain that it is often "unpredictable whether a procedure is followed according to the laws and regulations, how long it takes until a certificate/license/permission/decision is issued and what documents will be requested on the way."<sup>37</sup>

There is a law on "Procedure of consideration of the applications of the citizens" dated 10th June 1997. This law provides for the rights of the citizens to address the state bodies with suggestions and proposals, applications and complaints. Each such application must be considered and written answer should be given to the citizens. The "Law on addressing the courts concerning decisions and actions/ inactivity violating rights and freedoms of the citizens" does not explain any precise procedure. The law only determines that applications of the citizens have to be considered by the respective higher state body within the month from the date they have been submitted. Citizens can appeal such administrative decisions in the competent law court.

There is very little evidence on the degree to which the rights enshrined in these laws are invoked by citizens and the measures taken by the authorities to remedy violations. But anecdotic evidence suggests that these laws are not implemented with sufficient seriousness either<sup>38</sup>.

#### **b. Ministerial Accountability**

Ministers are not elected and their power is very strong<sup>39</sup> in Azerbaijan –

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<sup>33</sup> powerful metaphor used by David Osborne in his book; Banishing Bureaucracy: the five strategies for reinventing government (Addison 1997)

<sup>34</sup> at least 20,000 protestors were on the streets in mid-June in one of the first permitted demonstrations allowed by the Baku authorities.

<sup>35</sup> FIAS

<sup>36</sup> European Bank for Reconstruction and Development, Strategy for Azerbaijan, 2001, Annex 2: Legal Transition, p. 31.

<sup>37</sup> FIAS

<sup>38</sup> although an article in Zerkala of June 2005 gave details on those charged in police and other departments with theft and falsification of evidence.



- Ministers hold their positions for long terms – the current average is 7 years
- They are accountable to a Head of State who can reasonably anticipate holding power for an indefinite period
- The senior civil servant is appointed by the Minister; has no protection against dismissal – and is generally expected to leave<sup>40</sup> when there is a change of Minister

In this situation, it is the Minister - not the civil servant<sup>41</sup> - who is the permanent element. The civil servant is the vulnerable person – and is in a hierarchical position underneath the Minister.

Although some people may see advantages of stability in this, it has three major problems

- The Minister tries to be both a political **and** a Chief Executive figure – and generally lands up **trying to micro-manage**. But the Minister's role is more of a strategic one – for which they need at the highest level not only advisors but managers skilled in managing staff and making change happen
- There is not the same inbuilt challenge to the prevailing view which most government systems have<sup>42</sup>. Such a system becomes **complacent and insensitive to changing needs**.
- It makes **coordination very difficult**. Effectively the system is one of separate fiefdoms which are allowed to do much as they want – with the occasional warning shot from the Presidential Office.

There are several **ways** of dealing with such a situation – **one response is** to move to the more normal practice of having a professional civil service system which is independent of the Minister and the political system.

A **second response** would be to create a strategic management system within State bodies which encourages diverse perspectives - ensuring that a variety of voices are involved in developing strategies and action plans.

### c. Annual Reporting of State Bodies

In principle, reporting system of Parliament and state structures should be built in transparent way. Following to specific internal procedures, Parliament, Ministry of Justice (monthly), Ministry of Taxes (monthly), National Bank of Azerbaijan (annually), State Oil Fund (quarterly, annually), State Customs Committee (monthly, quarterly, and annually), State Statistical Committee (monthly, quarterly, half a yearly, annually) and other structures are publishing their annual and field specific reports. Moreover, the President Administration, Parliament, almost every Ministry and committee has its own field specific Internet site, newspapers and/or magazines which are using as a tool for public information about sector specific legislation, statistics, HRM, etc.

Unfortunately, the most reports (except, the reports of State Oil Fund) are designing directly by state structures without any involvement of independent experts from civil society and private sector. Thus, the most part of private sector and civil society organizations, international donors and others do not trust to figures and indicators given in official reports. Transparency becomes very serious issue in this matter.

Generally, reporting system is also based on clear and transparent statistical system that is very weak in Azerbaijan. This was happened mainly following to procedural weakness, lack of legal base (lack of professional lawyers that could develop clear and structural legal documents and procedures that would not run into conflict with existing legal acts), lack of interest in the filed of implementation of IT systems for statistical data collect, lack of stimulation of young professionals, lack of project management skills, etc. As a matter of fact, all state structures have got the real shortage of clear and truthful statistical data.

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<sup>39</sup> although this has to be qualified by their frequent powerlessness on 2 dimensions – first over certain parts of their own system eg forest rangers in the Ministry of Ecology who pursue their own interests; and Ministry of Transport whose construction section is effectively a separate entity with its own political protectorate and interests.

<sup>40</sup> The CS Law may already be having a restraining effect here

<sup>41</sup> as in EU countries

<sup>42</sup> The problem is compounded here by the impotence of parliament

**Positive example:***National Bank of Azerbaijan*

In 2002 National Bank of Azerbaijan has developed new Azerbaijan Banking Statistical and Reporting system (ABSRS). The project group was established in NBA responsible for the preparation and implementation of the project. ABSRS is fully automated solution based on external and internal legal acts, instructions and procedures of National Bank drawn within the last few years. Based on ABSRS, National Bank could design very clear banking statistical reports that is assisting in banking system reforming process as well (ABSRS has already assisted to develop some amendments to recent banking legislation, to redesign some procedures within NBA, to promote clear reporting process within state and commercial banking system, to build the best financial forecasting system in Azerbaijan).

Implementation of such projects provides new techniques and methods in banking that promotes banking system in general, stimulates the staff (that are gaining new knowledge and skills) and attraction of young professionals, and generates informational transparency.

**Negative example:***Ministry of Education*

Almost the whole educational system is suffering from lack of statistical data. The main reason of this situation is in existence of dual subordination system (when the regional educational institutions are reporting to regional education and finance departments under ExCom of rayon, not to Ministry of Education). The second reason is in poor legislative base (the draft of new Education law is still under consideration in Parliament from 1997). The third reason is in poor management within the Ministry itself (internal structural and procedural confusion, weak interdepartmental communication, lack of young professionals, lack of IT solutions, etc.).

As a result there is a very weak statistical system based on very fragmented data.

**A vignette**

A Decree on accelerating socio-economic development in Azerbaijan published on November 24 2003 contained an interesting injunction for local government offices to improve their treatment of the public – and to be more efficient.

This is, actually, the starting point for a public administration reform programme. It is a statement that all is not well in the system – and that behaviour should change<sup>43</sup>. But it is, in itself, not a very effective approach. It is the old centralised approach – assuming that those in power will be obeyed; and that it only requires an instruction for improvements to take place. A strategic approach would ask

- What exactly is an acceptable way for the public to be treated (and in as precise terms as possible – how many minutes of waiting is acceptable?)
- Why is this not currently happening?
- what should be done?
- Does this require spending money on office layout; on staff; on training? If so how much?
- How will this be phased in?

This is the strategic approach. Let's apply it to another everyday issue. One of the most visible ways of measuring good public administration is to look at street behaviour and layout. Can pedestrians cross streets safely, with minimum disturbance to other users? Does traffic flow reasonably freely? If the answers are negative, is anything being done to remedy the situation– how – and with what results?

On such criteria, central Baku presents a poor picture. Zebra crossings exist – but are not respected by drivers. Drivers often station their cars on the zebra crossings – or edge forward while the lights are still red. The fact that people seem to accept the situation as a fact of life says a lot about the democratic process. They probably don't know who is responsible for such things but do know they have no way to exert influence over whoever is responsible. In EU countries, such matters are ultimately the responsibility of locally elected councillors who would probably lose office unless they took some action. Of course it has taken time for Azerbaijan to build up the new legal framework for traffic and transport for an independent

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<sup>43</sup> the UNDP and World Bank do surveys in various countries about the experience of accessing public services – which give an immediate agenda for administrative reform. See [Kazakhstan Governance and Service Delivery: a diagnostic Report](#) (World Bank).

country – but action to protect the safety of pedestrians should surely be a higher priority. And would be if this function were allocated to the elected local municipalities.

Let's look briefly at the issue of congestion in central Baku – which is particularly extreme at peak periods. Of course the town has narrow streets and many junctions – but the congestion tends to occur at a few points and has an obvious explanation – and solution.

The most extreme occurs at a few junctions where drivers are so impatient to get through on the green just before it turns to red that they find themselves trapped on the intersection, blocking those cars to whom the green light been given. The solution is simple –

- Paint the intersection with yellow hatch lines
- Pass a local by-law which allows traffic police to fine anyone caught stationary in that yellow area
- Ensure that traffic police are at these junctions at peak time
- And take action

Why is this not done?

- Three different bodies are responsible for this issue – the Ministry of Interior, Ministry of Transport and Baku City (a coordinating committee is chaired by a Deputy Prime Minister!)
- traffic police report to the Ministry of Interior – which is the most powerful of the three bodies
- the Head of none of these bodies is elected – and therefore don't feel accountable to the Baku citizens
- There is not yet a department for traffic planning in Baku
- Drivers choose which rules to obey – and are rarely penalised for going though zebra crossings or red lights
- Assumption that bribery would minimise the penalty proposed as part of the yellow box scheme

The same is true of pedestrian example – compounded because those in power are rarely pedestrians in central Baku! The basic issue in such powerful and centralised systems is lack of accountability to the customer – or general public. The fact that the administrative system is slow to bring forward solutions says a lot about the lack of accountability of the administrative system.

#### 4.2.2 Systems for Organisational Reviews

a. Azerbaijan has a complex formal structure of the Government:

Ministries

State Committees

State Agencies

State Commissions

State Councils

State Chambers

State Companies

State Concerns

State Banks

State Departments

State Funds

State Prosecutor Office

Baku City Executive Power

Local (District) Executive Power

b. Until recently, all state bodies had the same basic structure. Some departures are now being made from that. For example, within the Ministry of Education all departments were renamed on divisions and three new divisions were established (Students' Achievements Assessment division, Strategic education and planning division, Education Management Information Systems division). About 15 new positions were established in these new divisions.

Some recent initiatives can also be seen in:

- Ministry of Economic Development (there is a plan to establish an Export Promotion Agency, to strengthen Investment Promotion and Advisory Foundation, etc.).
- Ministry of Telecommunications and IT (State Internet Council is planning to be established and the second state Internet provider Aztelecom.net was opened),
- The new State Register Service Department of Real Estate under the Cabinet of Ministers was created.
- Department on combat against corruption under the Prosecutor General of Azerbaijan Republic was established
- Ministry of Agriculture (the new State Agency for Agricultural Credits was established instead of State Agency for Support to the Development of the Agricultural Private Sector that was under the Cabinet of Ministers)
- State Supreme and Arbitration Courts (new management was appointed by the President)
- a new Ministry of Industry and Energy was established.
- Several Governors of the regions were replaced.

Such changes, however, seem to do little to change practices. For example, the State Committee for Amelioration and Water resources was transferred into State agency under the Ministry of Agriculture (in 2004). The Chairman of the former committee has got a new position – Director of the Agency – and the second position – First deputy of Minister of Agriculture. In fact, Minister of Agriculture cannot influence on decision making within the agency. The former chairman (present director) is managing his agency as “old style chairman of independent committee” with all formalities and procedures (even keeping the same staff). Generally, such an approach is putting the breaks into reform process in all sectors in Azerbaijan.

#### c. Continuum of Ministries

Clearly Ministries differ considerably in their approach to change. At this stage, it is not possible to do a systematic comparison, but expert comment and experience suggests that at one extreme we have the Ministry of Youth; and of Foreign Affairs – at the other (negative) end of the spectrum the Ministries of Education, Health and Justice (in alphabetical order only!). In between

we have some interesting Ministries such as that for Economic Development; and Labour which are more open to change- but are still run on autocratic and paternalistic lines.

#### **d. Capacity building**

Different international projects and programmes are also trying to assist some structural changes within different state bodies. For example, starting from 1999 until 2003 the World Bank's international and local experts have designed several structural models for the Ministry of Education in order to keep Ministry activities in an efficient way. Unfortunately, in spite of the fact that all these models were optimistically and formally accepted by the Ministry's high level officials the process was finally blocked by the Minister in 2003. However, the Ministry (as it was mentioned above) established three new divisions in 2004 that created some conflict of interest among different structures within the Ministry.

Officially the internal structure is forming after the Presidential order. Approval of charter and structural model of state structure is also under the responsibility of the President. Facilities and staffing issues are tackling by Cabinet of Ministers.

It is noticeable that certain Ministries have recently been created – eg Transport and Fuel Ministries - in response apparently to EU pressures for more rational systems of management.

Although the need for Functional Review was recognized in both the 1998 paper and the November 2003 Presidential Decree (see above), and considerable rationalization has taken place, as we noticed at 2.1, of central state bodies, it has been carried out in an ad-hoc way.

Functional Review has been elevated by the UNDP to the status of a new technique – and is portrayed in their publications<sup>44</sup> as an effective system. However my own assessment of the actual achievements in Kyrgyzstan<sup>45</sup> would raise major questions about this.

Certainly such work cannot be done without trained and experienced local consultants willing and able (by virtue of acceptability) to carry out such work. And this puts us in a classic vicious circle – without such work being successfully done, there will be no such demand. How, then, are the conditions created to allow both demand and supply factors to proceed in parallel? This issue is picked up in the final section of the paper.

State bodies exist for a purpose – but that purpose is not yet defined in Azerbaijan for the staff in a way which allows them to identify their own contribution to its achievement. A legalistic view is taken of the work of state bodies – they have an impossibly large number of (equally important) tasks to perform – with an inadequate budget. As a result they operate in crisis management mode – with demoralising effects on their staff.

State bodies need to be encouraged to develop a limited number of strategic priorities – properly developed in cooperation with staff who understand how their daily work contributes to that.

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<sup>44</sup> Rebuilding State Structures: methods and approaches (UNDP 2001); Methodology for Functional Reviews (World Bank 2001) available in Russian from [www1.worldbank.org/publicsector/civilservice](http://www1.worldbank.org/publicsector/civilservice)

<sup>45</sup> Functional Review of Executive Bodies in the Kyrgyz Republic(2000) details the huge amount of work done – by UNDP and Tacis - on this issue in the late 1990s. That paper focussed on the Pres Apparat, CabMin and the social block of Ministries. Also a 2002 UNDP paper (Russian only); Functional Reviews carried out by the Tacis Civil Service Reform project; and a 350 page study of the Ministries of Health and Education (UNDP and DFID 2004)

## 8. What does reform require?

### 8.1 Changing people or systems?

The various vignettes in this paper have generally are indications of the continuing crisis management – and financial and moral corruption - which is the feature of all centralised systems.

How does one change such a culture? This is the fundamental issue<sup>46</sup> which has to be tackled before administrative reform will readily take hold. Where are there examples of highly centralised societies developing systems of staff involvement in the improvement of services. Japan is one obvious example – famous now for the way management engage staff in a continuous dialogue about how to improve what their services and products offer the customer<sup>47</sup>. But this is a relatively recent phenomenon – brought on by the combination of the shock of Second World War defeat and the import under General MacArthur’s regime of a little-known American management guru, Edward Deming whose statistically based approach to “quality management” so transformed Japanese – and, ultimately and ironically, - American industry. Before then, organisational structures had the same features of subservience as Azerbaijan. Can State bodies adopt some of this approach here?

This raises the conundrum – is it people who change systems? Or systems which change people? Answers tend to run on ideological grounds - individualists tend to say the former; social democrats the latter. And both are right! Change begins with a single step, an inspiring story, a champion. But, unless the actions “resonate” with society, they will be dismissed as mavericks, “ahead of their time”.

A significant number of people have to be discontent – and persuaded that there is an alternative. The wider system has to be ready for change – and, in the meantime, the narrow and upward accountabilities of the administrative system can be – and is so often – malevolent, encouraging people to behave in perverse ways.

### 8.2 Some preconditions of change?

Formal and informal systems are a well-recognised fact of organizational life<sup>48</sup>. Whatever new formal systems say, powerful informal systems tend to ensure the maintenance of unreformed systems – until, that is, and unless there is a determined move to change. What do I mean by “determined move”? -

- Ensuring, by communications, leadership and training, that **people understand** what the reform is trying to achieve – and why it is needed
- Development and enforce detailed **instruments**
- Networking in order to **mobilise support** for the relevant changes
- building and empowering relevant **institutions** to be responsible for the reform – and help drive it forward

Administrative reform is an intervention in a social system – or rather set of interlocking systems. Like an organism, it will quickly be rejected or absorbed unless it can relate to elements in these larger systems. We are these days advised always to carry out “stakeholder analyses” – to track who will be affected by the changes and how the indifferent or potentially hostile can be brought on side or neutralised<sup>49</sup>. This is sound advice – and such an exercise may sometimes suggest that certain aspects of reform should be delayed.

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<sup>46</sup> The other, related, one is that of the lack of management systems in state bodies.

<sup>47</sup> But does have a more participative culture than the Caucasus

<sup>48</sup> In 1970, Donald Schon coined the phrase “dynamic conservatism” to describe the strength of these forces in an organisation.

<sup>49</sup> see the useful discussion in “Gaining Support” by Lovell in Managing Change in the new public sector (Longmans 1994) which uses the dimensions of “agreement to change” and “trust” to distinguish allies, adversaries, bedfellows, opponents and fence sitters

One paper<sup>50</sup> on the Russian experience of civil service reform is one of the few to try to offer an explanation of how the combination of specific internal and external factors has constrained the reform process in that particular country eg

- variable political leadership and support
- variable administrative leadership and capacity
- political and social instability
- minimal civil society
- the preponderance of old apparatchniks
- cultural factors
- ‘windows of opportunity’

“Cultural factors” is a general term which includes the role of the extended family<sup>51</sup> which undercuts competitive hiring practices. And it is well known that in such societies, certain public positions which give access to lucrative revenue flows are bought at huge sums of money<sup>52</sup> Such practices hardly give promising preconditions<sup>53</sup> for introducing a competitive system of meritocratic recruitment to the civil service! Civil Service Reform in CIS countries needs

- widespread acceptance that change is needed
- spurred on by an event
- some workable propositions
- an action plan
- a lead structure
- with skilled change agents

### **8.3 Windows of opportunity**

The point about such windows is that they have to be prepared for – and recognised when they arrive!! The public administration reforms of Poland and Hungary were, arguably, as effective they were because of the extent of preparation by reformers<sup>54</sup> during the 1980s – in isolation from the power structure. Why such reforms were not effective in Kyrgyzstan in the last period of President Akaev’s rule despite the scale of foreign assistance is still an open question. But perhaps one explanation is the failure to establish a local analytical capacity in universities and consultancies. Without a vocabulary and conceptual framework for reform, efforts to create a purposeful administrative system will stumble from crisis to crisis. We referred in section two to the signs of change.

Three or four areas are worth mentioning

- the work of the State Student Entrance Commission in ensuring that selection to universities is based on merit; the successful defence of the Commission by the Chairwoman against an orchestrated attack on its integrity – and the recent extension of its work into testing Master’s candidates<sup>55</sup>.
- The Education review announced in May 2005 – being the culmination of increased public concern about the integrity and quality of the system which has been discussed previously in this paper. This paper has already indicated just how seriously deficient the educational system is. The scale of the corruption has contaminated the mindset not only

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<sup>50</sup> “Hard cases and improving governance; Putin and civil service reform” by Pat Grey (2004)

<sup>51</sup> see the paper “The role of Clans in post-independence state-building in Central Asia” by Janna Khagai (2004 ECPR conference paper available at [www.essex.ac.uk/ECPR/events/jointsessions/](http://www.essex.ac.uk/ECPR/events/jointsessions/))

<sup>52</sup> an extended article on the Uzbek system by Dmitry Pashkun of the National University of Uzbekistan quotes prices of \$2 million for the position of regional governor is published in the spring 2004 issue of NISPAcee News – at [www.nispa.sk](http://www.nispa.sk)

<sup>53</sup> The “strategies and sequencing” section of the very useful World Bank website on Administrative and Civil Service reform contains a fuller discussion of this, developing a typology with the twin axes of capability and motivation. This can be found in – [www.worldbank.org/publicsector/civilservice](http://www.worldbank.org/publicsector/civilservice)

<sup>54</sup> See unique account written in the book by insider Regulski of the almost 20 years of preparation and change which went into the construction of the Polish local government system (available on the LGI Budapest website).

<sup>55</sup> Zerkalo 16 June

of most staff – but more seriously the majority of the students who leave universities not only without relevant knowledge and discipline but with an attitude that the world owes them a living. This reflects itself in working practices in the public sector.

- The establishment of the Civil Service Commission – with a committed reformer in charge. Hopefully its activities can restore faith to the those amongst the younger generation who won their qualifications by their intelligence and effort rather than money – but who have been discriminated against by virtue of a poorer nominal academic record and lack of protectors.
- The effort being put into regional development. It is this, rather than local government, which is receiving regime attention. Although the strategy is being conducted in the usual top-down fashion, it does give potential scope for building on local insights and capacities.

The question is how serious an effort is the international community making to support and sustain such windows of opportunity?

## **9. IS THERE A WAY FORWARD?**

### **9.1 Summary**

So much for the analysis. The patterns of behaviour indicated for the various systems –

- Policy-making
- Operation and performance of state bodies – national and local
- Civil service

All reflect the basic realities of a system which is baronial in its nature. True, it is going through the motions of modernisation – with a well-intentioned and educated young President who does, however, owe his position to family and friends.

And, since his election, 18 months ago, various steps have been taken which are indeed positive.

Compared with many other countries **Azerbaijan has some advantages for the reform effort.** Elsewhere there have been many hurdles to overcome in the attempt to make the machinery of government and administration more responsive to national and social needs –

- constitutional requirements;
- strength of unions and professional associations;
- need to negotiate with coalition partners;
- loss of momentum due to government electoral defeats.

The hurdles are fewer here – it is rather a question of the leadership giving priority to administrative reform.

But that will not happen unless the leadership understands how such reform is crucial in giving the regime the legitimacy it is losing in the face of the ineffectiveness and corruption of the administrative system. Of course that will involve taking on entrenched interests – and that can be done only if the leadership reaches out to the public. One of the methods is a strategy for administrative reform – based on principles of performance, merit, public interest and transparency. Many of the ingredients are already in place. It only awaits an act of leadership.

### **9.2 Articulating the demand for change**

But that will come only when the leadership senses a real demand for change. At the moment that can find no channel for expression. Opinion surveys – if conducted by reputable organizations – have, however, been used as instruments of reform in other countries.

Such surveys have focused on –

- The public – for their views and experiences of public services
- Civil servants – for their views about the effectiveness and fairness of working practices



- The business sector for their experiences of bureaucratic behaviour
- Potential candidates for joining the civil service – for their perception of the pros and cons of so doing. And of their perception of different state bodies.

There are now several bodies who are natural clients for such surveys –

- The Anti-corruption commission
- The Civil Service Commission
- The Education review
- The State Student Entrance Commission

It is strongly recommended that the World Bank approach these bodies to negotiate their sponsorship of such surveys.

### **9.3 Support for the windows of opportunity**

One of the respondents to the interviews carried out for this work talked of the “**White Crows**” – that is the reformers who are so visible by virtue of their small numbers.

At the moment they receive virtually no assistance. And what assistance comes is mainly narrowly technical – rather than that relating to the skills and strategies of managing change. The World Bank should consider putting in place a special programme which might

- Make available suitable training opportunities for such people and their staff
- Ensure that their achievements are properly written up – so that they are not left vulnerable as white crows able easily to be picked off in the sky and shot down
- Disseminate the lessons of reform in transition countries – so that a new role model is established.

### **9.4 Developing demand and supply together**

The paper has referred several times to the importance of sequencing. We have many examples in transition countries of demand and supply factors getting badly out of sync. There is little point in developing courses in managerial skills, for example, if the state bodies remain bastions of centralization and favouritism! But, in the meantime, there is a need to encourage the development of a knowledge centre about administrative reform – drawing on the lessons of transition countries.

### **9.5 developing project management skills in the public sector**

State structures should think over development of project management skills of its own staff. There are only few people (if any) in every state organization that could develop project proposal document, design strategic, operational or action plan, develop policy document, etc. A branch of the International Association of Project Management does exist in Baku – with accreditation – and should be actively encouraged.

### **9.6 HRM changes**

In order to attract young professionals into State sector there should be developed new and flexible working approach based on development of new remuneration and incentives system. For example, young professionals could be attracted into specific project development and implementation process and could get some incentives based on success of sector specific project. Specific project development agencies could be established under each Ministry in Azerbaijan (PIUs of World Bank and other donors could play an important role here). This approach could stimulate young professionals, keep them in state sector for longer period and promote attraction of new wave of young professionals into the public sector.

State structures should also be authorised to promote flexible working hours and this should be encouraged as part of a move towards the introduction of new working patterns including part-time working and job-sharing.

### **9.7 Legal education**

As it was mentioned before, there is a strong need to seriously strengthen the “National Legal School” of Azerbaijan. Azerbaijan feels strong need in professional lawyers that could work with legal documents (especially, in the field of legislation development). There is a strong need to develop proper legal language skills (for example, the laws published in original Azeri language in most cases are distorted with its translation into English or Russian languages) of local lawyers that are working on legislation development as well.

### **9.8 Local Government**

Too many international bodies have been putting their support into local NGO work – and ignoring the importance of building up an understanding of the contribution of local government to both democracy and the solution of local problems. Local government desperately needs assistance – in the form of –

- A knowledge centre
- Training
- research