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ЕКОЛОГІЧНА БЕЗПЕКА ТА ЕКОНОМІЧНИЙ РОЗВИТОК УКРАЇНИ: ОЦІНКА ВПЛИВУ

Процес подолання науково-технічної відсталості і нестійке використання природних ресурсів вимагають розробки нових методів і моделей еколого-економічної взаємодії. У статті розглянуті основні погляди на екологізацію як поняття. Проаналізовані основні напрямки екологізації та найбільш розповсюджені вітчизняні математичні моделі еколого-економічного моделювання. Застосовано VAR модельний підхід та імпульсний аналіз для ідентифікації та оцінки взаємозв'язку між екологічною безпекою та рівнем економічного розвитку України; на макро- та регіональному рівні.

Ключові слова: Екологічна безпека, економічне зростання, VAR модель.

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ЕКОЛОГИЧЕСКАЯ БЕЗОПАСНОСТЬ И ЭКОНОМИЧЕСКОЕ РАЗВИТИЕ УКРАИНЫ: ОЦЕНКА ВЛИЯНИЯ

Процесс преодоления научно – технической отсталости и неустойчивое использование природных ресурсов требуют разработки новых методов и моделей эколого – экономического взаимодействия. В статье рассмотрены основные взгляды на экологизацию как понятие. Проанализированы основные направления экологизации и наиболее распространенные отечественные математические модели эколого – экономического моделирования. Применен VAR модельный подход и импульсный анализ для идентификации и оценки взаимосвязи между экологической безопасностью и уровнем экономического развития Украины, на макро – и региональном уровне.

Ключевые слова: Экологическая безопасность, экономический рост, VAR модель.

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DECENTRALISATION AND QUALITY OF GOVERNANCE: SELECTED ISSUES FROM THE CZECH AND SLOVAK REPUBLIC

Public administration reforms in the Czech Republic and in Slovakia started almost immediately after the "Velvet Revolution" in 1989. More than two decades of concrete experience with decentralisation in the specific environment of two selected transitional countries, now provides enough material for an attempt to assess the main pros, cons and risks of decentralisation as a public administration reform tool in these conditions. The goal of the paper is to discuss some important issues connected with processes of creation of modern governance in transitional countries, focusing mainly on decentralisation, its general problems and its specific limits in the environment of accession countries in Central Europe. Both Slovakia and the Czech Republic use decentralisation as the dominant tool to change their current public administrations. decentralisation might well be a good thing to achieve better governance in accession countries in Central Europe, but only under certain circumstances. Decentralisation alone does not bring positive results, automatically and immediately.

Keywords. Public administration, decentralization, governance, Czech Republic, Slovakia

Introduction. Public administration reforms in the Czech Republic and in Slovakia started almost immediately after the "Velvet Revolution" in 1989. From the beginning decentralisation was used as an important reform tool to achieve better performance of the system, bringing positive but also negative results. More than a decade of concrete experience with decentralisation in the specific environment of two selected transitional countries, on their way to achieve "European public administration standards", now provides enough material for an attempt to assess the main pros, cons and risks of decentralisation as a public administration reform tool in these conditions.

The main features of modern "European administration" are defined by the important White Paper on European governance (European Commission, 2001), as openness, participation, accountability, effectiveness and coherence. The contents of the White Paper represent the current trend of moving from analysis of government to governance, or further to "public leaderships" (Bouckaert, 2002), representing the next step of reforms to public administration systems, in which all stake-holders benefit from mutual co-operation.

These values of modern governance in the 21st century will be difficult to achieve in real public administration praxis even in the developed countries of the "Western world", but much more so in the transitional countries of Central Europe, even though some of them become EU members from 2004. Both countries discussed in this chapter – the Czech Republic and Slovakia – were

accepted into EU membership in 2004, having complied with all requirements of "Acquis" by the end of 2002. However, much remains to be done if 'good governance' is to be achieved, not so much in legislation, but in respect of the quality and effectiveness of functioning of institutions, including the public administration area.

The transition from the old centralised model of government and economy in most CEE countries has been really fast in many respects, but it is also apparent now that the transformation process is much more complicated than was ever predicted, especially because of its human dimension. The change from a command-based to a democratic society, with associated processes of public administration reforms, is still in a relatively early stage in all transitional countries. Most of the important new formal structures were created, but public administration systems still do not function as expected, for many reasons. Moreover, the impacts and outcomes of reforms are in many cases in line with expectations, proving that adoption of more or less effective "Western" reform tools in the transitional environment is really complicated, and their careless transfer may lead to important problems (Coombes and Verheijen, 1997), because of specific characteristics of the local environment.

In this chapter we discuss some important issues connected with processes of creation of modern governance in transitional countries, focusing mainly on decentralisation, its general problems and its specific limits in the environment of accession countries in Central

Europe. In particular, we analyse the decentralisation process of these two countries from a public governance perspective and assess the effects of the recent decentralisation against the governance criteria set out in the EC White Paper.

Slovakia and the Czech Republic will serve as the source of data and examples in this chapter. Both countries almost finished massive decentralisation of national public administration systems, but positive effects on public governance are not yet very visible. Is this unexpected, or entirely predictable?

Public administration reform trends in Slovakia and the Czech Republic: *Administrative reform paths: similar challenges, yet different strategies:* We begin by describing the most important phases of public administration reforms in both countries, from the date of their friendly separation in January, 1st, 1993. The first important steps towards public administration reform had already started after the "Velvet Revolution" in 1989. Most of tasks of formal restructuring in line with western standards were undertaken in the early stage of the transition period. The first proposal for the reform of public administration in Czechoslovakia had defined the following most important aims for the revitalisation of democracy (Nemec, Berčík and Kukliš, 2000):

- to create real self-government institutions,
- to divide executive and legislative power at all levels,
- to reorganize the civil service, with two levels of administration,
- to change the territorial structure of Czechoslovakia,
- to restructure central government and the system of control of the civil service.

The first democratic elections were held in June 1990 and became the basis for most of changes in the public administration system in Czechoslovakia. Self-government of municipalities with a high level of independence was re-established. The system of National Committees (the "socialist" form of local government, combining in one office both local state administration and self-administration functions) was abolished and replaced by 38 district local general state administration offices and 121 subdistrict local general state administration offices.

By virtue of National Council Act 369/1990, the system of local administration authorities was replaced by a system of local state administration and local authorities. Under this legislation, local authorities were constituted in municipalities, which are territorial and legal entities with their own budgets and assets. Local authorities may issue ordinances which are binding on all individual or corporate bodies within their jurisdiction. These ordinances may be superseded or invalidated only by Parliamentary Acts. In some cases, local authorities may be responsible for delegated powers connected with administration of the state, financed by state funds. Interference with the powers of local authorities is possible only by legislation passed by the Parliament.

Local authorities are elected directly by the local population. Elected mayors head up municipal offices. As the highest executive officer, the mayor summons and conducts the sessions of local representative bodies, represents the office and the municipality and decides in all matters of local administration, except those which, according to law, are decided by municipal assembly.

Municipal offices consist of local administrative officials responsible for administrative and organisational matters in the work of the mayor and other activities of municipal bodies. In larger municipalities, the municipal office may be run by a principal appointed by the municipal assembly on the advice of the mayor. He is responsible to the mayor.

Local authorities may freely associate with other local authorities and thus may form regional or other interest

organisations. Such associations, however, may decide and organise only those matters specifically referred to them by the respective local authorities.

While in the Czech Republic no new radical changes started before 1998, Slovakia implemented from 1996 onwards a second wave of public administration reform, characterised by the parallel themes of a radical change of the territorial and administrative structure of the state, and the establishment of a uniform two-tier system of offices of general state administration, with a broad range of tasks and responsibilities.

These important changes were reflected in two important laws, Law No. 221/1996 on the territorial and administrative subdivision of the Slovak Republic and Law No. 222/1996 on organisation of local state administration. The first of these had two parts. It firstly addressed the issue of territorial subdivision, creating the legal framework for the establishment for the spatial execution of self-government functions. Municipalities were defined as the highest level in the hierarchy of territorial units, logically linked to their administration on self-government principles.

It secondly defined the administrative subdivision of Slovakia into 8 regions and 79 districts, at the same time limiting the authority of state bodies in local areas, unless these were given special powers by other laws. Regional and district offices of state administration were given a broad range of tasks in this structure. Other administration units included municipalities (and military counties, if they perform state administration responsibilities under special laws).

This "1996 reform" in Slovakia was aimed at increasing the effectiveness and quality of public administration and creating a customer-friendly and responsive system serving its citizens. The costs of reform were much higher than planned, but its results were very limited (Audit ústrednej štátnej správy, 2000).

After general elections in 1998, both the new Slovak and Czech governments came back to the issue of public administration reform, as a key goal. Because of the requirements of the EU accession processes, the main reform goals were the almost same in the two countries, particularly the creation and operationalisation of regional authorities. However some important differences in reform content and preparation processes should be stressed.

The responsibility for the reform in the Czech Republic was allocated to the Ministry of Interior, to the unit linked to the vice-minister responsible for the reform. The head of the reform unit was a member of the Social Democratic party (Yvonne Strecková). In Slovakia the position of Government Appointee for the Public Administration Reform was created, outside of formal ministerial structures, and Viktor Nižnanský, on the right wing of the political spectrum was appointed to this position.

In the first phase in the Czech Republic, a relatively comprehensive reform plan was prepared, including not only changes to territorial and administrative structures, but also other important tools – education and training strategies, informatisation strategies, effectiveness improvement strategies, etc. However, in the implementation phase the focus was on formal measures (mainly new territorial administrative structure) and the reform did not start as complex process (as originally proposed by its authors). Such developments were very much the consequence of lack of political consensus about public administration reform. Public administration was never an important issue for the first Czech Prime Minister Klaus (after 1993). Since he was willing simply to marginalise the public sector, rather than to reform it to achieve better performance, he was an opponent of any reform ideas. Social Democrats (e.g. prime minister

Zeman) on the other hand, believed that an effective public administration system could be achieved, and supported massive changes, but being more or less alone, were not able to implement them fully, as originally planned.

In Slovakia the start of the reform was much slower, and its main theme was that decentralisation would solve all inefficiencies (*Stratégia decentralizácie a reformy verejnej správy*, 1999). The start of the reform was postponed several times because of lack of political consensus between political parties, and only a major intervention by Prime Minister Dzurinda in early 2001 pushed the processes forward. A relatively small group headed by V. Nižňanský, representing the liberal wing of the political spectrum, prepared the basic concept of the reform. Proposed reform strategies were discussed at many public meetings, and there were also consultations with foreign experts (supported by a comprehensive PHARE programme). However, in practice different voices were not taken into the account. One of the main problems at this phase was exclusion of the Ministry of Interior (responsible for public administration) from the entire process. Under these circumstances, the political and parliamentary discussion about the reform strategy in Slovakia, as could be expected, focussed mainly on political rather than factual aspects of the reform, with protracted debates on the number of regions and the election system.

The current decentralisation process in the Czech and Slovak Republics: The most important changes in the Czech Republic took place in 2000, particularly the new laws on the new regions, on municipalities, on budgetary rules for regional authorities, on intergovernmental fiscal relations, and on ownership in the Czech Republic. At the end of 2000, elections to regional authorities took place, and from January, 1st, 2001 the new regional authorities were created. The year 2001 was a transitional year, during which transfer of ownership and responsibilities to regions were implemented. From 2002 regional authorities became fully operational, accounting for 28 % of income and 27% of expenditure at the self-government level (Helikarová, 2002).

The Czech reform fully abolished the offices of the local general state administration, with regions being self-government bodies. The scale of decentralisation of responsibilities to self-government is massive. As district offices were abolished, their functions were re-allocated either to regional authorities or to municipalities. However, only very few responsibilities were transferred from central government to local and regional levels, although these did include the right to establish hospitals, cultural and social care institutions.

In Slovakia, to "save the reform" promised to citizens, prime minister Dzurinda called in 2001 for the implementation of public administration reform as a main government priority and in a very (too) short time all the necessary basic legislation was approved by Parliament (such as the Civil Service Code, the Public Service Code, the law to create territorial authorities, the law on elections to territorial authorities, the law on transfer of competencies of the state to the regional and local self-administration, amendment of the law on municipalities, amendment of the law on municipal property, the law on the property of territorial authorities, amendment of the law on budgetary rules, and the law on financial control and audit).

The important Law on Transfer of Competencies defined the set of competencies to be transferred to regional and local authorities. According to it really large number of competencies has been transferred in 2001-2002. Municipalities got new responsibilities in areas of road communications, water management, evidence of citizen, social care, environmental protection, education

(elementary schools and similar establishments), physical culture, theatres, health care (primary and specialised ambulatory care), regional development and tourism. Regional self-government became responsible for competencies in areas of road communications, railways, road transportation, civil protection, social care, territorial planning, education (secondary education), physical culture, theatres, museums, galleries, local culture, libraries, health care (polyclinics and local and regional hospitals), pharmacies, regional development, and tourism. A large set of these competencies was re-allocated from direct ministerial responsibility (hospitals, education, etc.).

The reform continued with its second phase in 2003 and 2004. The transfer of responsibilities was fully finished in this period. District state administration offices were abolished and the system of local state administration diminished and converted from general offices (responsible for all competencies) to specialised offices (like school offices, social protection offices, etc.). However, the real fiscal decentralisation was finished only in 2005.

Maybe because of the "European" dimension, and very similar situations in the two countries, there are not very many significant differences between the last stages of these public administration reforms in Slovakia and the Czech Republic. Both countries are characterised by the use of decentralisation as the tool to increase the economic performance of the system, and by the creation of regional authorities. Both countries have embraced the rhetoric of "the European administrative space" (openness, participation, accountability, effectiveness and coherence, and also subsidiarity and flexibility) in their reform documents, as main objectives to be achieved (*Stratégia decentralizácie a reformy verejnej správy v Slovenskej Republike*, 1999, p. 17), but have problems in converting these principles into daily administrative practice. In actual practice, the "European" goals of good governance are not given priority (see later) and are not the drivers of decentralisation, which is defined as the goal on itself (as is apparent from the name of the reform document – "strategy of decentralisation and the reform").

The scale of decentralisation is very similar in both countries, with a large tranche of responsibilities being transferred to regional and local authorities. The transfer of responsibilities in the Czech Republic is more horizontal than vertical, and is very much inter-linked with the abolition of most local state administration structures. In Slovakia responsibilities are being transferred both horizontally and vertically.

In both countries the reform was not supported across the political spectrum, and so had to be implemented more or less piecemeal. During 1998-2002, the Czech Republic was characterised by 'tolerant non-co-operation' between the main parties, and the reform was a "Social Democrat product", prepared by the ministerial unit. In Slovakia the situation was even worse – the parties of the coalition and the opposition were not able to agree any co-operation, so fully comprehensive reform measures were not possible.

As mentioned, in Slovakia it was not until 2001 (when Nižňanský resigned) that the Ministry of Interior was involved in preparing the reform (because of lack of confidence by the coalition in the professionalism of the Ministry). This limited the chance of an effective and comprehensive extension of the reform, and caused a lot of implementation problems.

In both countries the new territorial structure does not reflect "European requirements". The newly established regions are too small to be accepted as NUTSII level regions. The number of municipalities is extremely high (in 1999 there were 2875 in Slovakia and 6244 in the Czech

Republic), and many are too small (68 % of municipalities are below 1000 inhabitants in Slovakia and 80% in the Czech Republic).

A lot of foreign help was sought in preparing the reforms in both Republics, particularly in the phase of analysis and need definition, but rather less in the execution phase (i.e. the preparation and implementation of concrete changes). The main foreign actors were SIGMA OECD, UNDP (mainly in Slovakia helping to prepare the starting analysis), PHARE, British Know-How Fund (especially in Slovakia), and also a number of developed countries (like Germany and Canada). "Liberal wing ideas" were much more accepted in Slovakia, where the main local body behind the reform was MESA10, clearly placed on the right wing of the political spectrum (the Democratic Party), and with a lot of foreign finance focusing on promotion of "free market" solutions.

Assessing the process of decentralisation in the Czech and Slovak Republic from a governance perspective: Decentralisation represents one basic and almost universally used reform approach. It generally involves transfer of powers, responsibilities and resources from central to lower levels and from state administration to self-government, but also changes in systems of management in organisational units which produce public services at local level.

Decentralisation is generally accepted as a reform tool with important potential, but also with some limitations. What are most important general pros and cons of decentralisation? From an economic point of view, following the "effectiveness" principle of the EU White Paper, "Decentralisation ... is generally desirable from the viewpoint of efficiency and local accountability. These criteria must be balanced with other elements, such as spatial externalities, economies of scale, overall fiscal efficiency, regional equity, redistributive responsibilities of the government." (Allen and Tommasi, 2001, pp. 73-74). Probably the most important principle behind decentralisation is the "subsidiarity" principle, which suggests that public administration should operate on the lowest possible level to achieve optimum quality. Being closer to citizen is expected to mean that administrators and managers can better understand specific local needs and react to them. "Decentralisation as the co-ordination mechanism for the public provision of goods and services represents an attempt to overcome information weaknesses involved on central co-ordination. When there is intergovernmental collaboration, then principals placed lower down know better how public programmes can be made to run efficiently" (Lane, 2000, p. 205).

On the other hand decentralisation may increase direct and indirect costs. Economic theories suggest that many public services evidence decreasing average costs with growing scale of delivery, at least to some extent, because of better use of fixed assets (Stiglitz, 1989). Moreover, decentralisation may be limited by insufficient local capacities – too small government units are expected to suffer from lack of competences and expertise, and also from lack of resources. "The administrative capacity of subnational governments, and the administrative and compliance costs of decentralisation must be taken into the account when

assigning expenditure among levels of government" (Allen and Tommasi, 2001, p. 74). In addition, the expected positive impacts of decentralisation might be reversed by 'transaction costs'. Increased local activity means more voices, sometimes contradicting each other – it can hardly be expected that any government intervention will have only positive impacts upon all affected. To handle a large volume of different interest groups is not simple, as is well-known, particularly as the 'ideal' mechanism, collective voting, does not exist in reality for most decisions (Bailey, 1999).

From the point of view of other EU good governance principles, there are potentially positive impacts of decentralisation on more or less all dimensions. In particular, openness and participation seem likely to be increased via effective decentralisation, because of better motivation when decisions are made where services are directly produced and their impacts are more visible. However, such impacts might significantly decrease with the growing size of decentralised units (Westerwelt, 1994).

The decentralisation process considered from the point of view of local democracy and participation: Decentralisation and the principle of subsidiarity are very much based on the assumption that they will further revive local democracy and stimulate higher levels of citizen participation in local issues.

However, in our opinion, citizen in transitional countries are still not well prepared to exercise effective control over politicians and bureaucrats (neither at central nor at local level) – no surprise after the long period of the former regime.

Swianiewicz and co-authors (2001) provide many interesting data concerning local democracy and participation by citizens at the local level in selected accession countries. With respect to local politicians, the responses of local mayors to LDI survey questions in 1997 are symptomatic. The most important issue for mayors from Slovakia and the Czech Republic was "to make independent decisions". In the Czechia Republic there was only moderate support for "to take into the account local priorities".. "Citizen involvement in local issues" was seen as not so important in both countries. In Slovakia (Swianiewicz, p. 24) mayors suggested as the most significant goals for local government:

- democracy: 72 %,
- autonomy: 89 %,
- effectiveness: 49%.

Thus the right of independent decision making is still the most important for local politicians, in many cases allowing them to serve small interest groups rather than the overall population. (In the Czech Republic, 35% of respondents think that local mayors serve only a small proportion of inhabitants and small interest groups (Swianiewicz, p. 25).

The trust of citizens in local governments is still limited, but much higher than in national structures (especially in the Czech Republic). The level of trust at local level has not changed much over time in both republics; supporting the hypothesis that decentralisation has not had a big effect on local democracy in any of mentioned countries (however, impacts of the recent massive decentralisation reforms will only be visible in 2-3 years' time).

Table 1. The level of trust of citizens in different institutions Slovakia and the Czech Republic

	1995		1998		2000		2012	
	SR	CR	SR	CR	SR	CR	SR	CR
Local authorities	51	57	50	50	53	60	-	59
National council	30	23	32	18	24	22	42	21
Central government	32	55	33	42	32	30	44	24

* Source: Swianiewicz, ed., 2001, pp. 56, 231; Institute of Sociology of the Academy of Sciences of the Czech Republic, 2013 [online].

Data from different surveys show that real local democracy has not yet been created in the accession countries, and there is still a relatively low level of participation by citizens in local activities. For example, Swianiewicz (2001: 66) found that only 11% of Czech respondents in 1995 stated that they were certainly willing to participate in public activities; another 22% said that they were generally prepared to participate, while 26% said that

generally they were not prepared to participate and 12% said they were certainly not prepared to do so. These results can be compared with the views of local politicians and officials in the Czech Republic, shown in Table 2, where it is clear that they have a more negative view of how likely citizens are to get involved in community life. Interestingly, party members are particularly negative about citizens' willingness to get involved.

Table 2. Councillors' and officials' views on citizen participation in public activities (%)

	Position		Political affiliation		Total
	Official	Councillor	Independent	Party member	
Citizens take no active interest in community life	4	8	0	14	6
Citizens may criticise, but not willing to be proactive	56	55	49	59	55
Citizens only show interest re "personal" matters	30	26	32	22	28
Citizens are regularly active in community affairs	3	6	9	5	5
Other responses	8	5	11	2	7

* Source: Swianiewicz, ed., 2001, p. 67.

For Slovakia, Swianiewicz (2001: 235) reported the frequency of citizen visits to their local councils in 1996. In spite of the municipality being the closest level of administration, in all the surveyed municipalities less than 10% of citizens regularly visited them, and in most over 50 % of citizens never visited them (and this was even higher – 67% – in the capital, Bratislava).

The data presented in this part show that the quality of local democracy in Slovakia and the Czech Republic (and the picture is not dissimilar in other accession countries) is still deficient and more time is needed for further improvements. While positive trends exist, usually due to initiatives by third sector organisations, changes are slow and incremental.

The decentralisation process considered from the point of view of accountability and responsiveness of public agencies: Accountability and responsiveness are different but inter-linked issues and we will deal with them together, showing that it is still the case that no level of government in the Czech Republic and Slovakia really respects its role to serve and to account to its stake-holders and citizens.

One very common feature of western democracies is that top-level politicians resign when problems arise connected with his/her personal behaviour or decisions in his/her branch/ministry, in order to show his/her responsiveness to voters. This is not the rule in both countries. A typical example from Slovakia is given by a former minister of defence, who was not able to demonstrate receiving legal income sufficient to cover the costs of building his new family house (TIS, 2001). He was not imprisoned, nor did he disappear from political life. The only consequence was loss of his ministerial position, while still remaining a Member of Parliament. (His party, however, was not re-elected to Parliament in the 2002 elections – perhaps citizen are starting to react to such behaviour). Indeed, most political parties still do not fulfil their legal obligations concerning disclosure of the incomes and assets of the party and its political representatives (more than half of political parties did not provide the necessary data for 2001 in time – TIS, 2002).

It might be expected that the situation at the local level would be better. However, this is not the case. The level of local democracy in large cities is limited, and in very many small municipalities there is not the professional capacity to be really responsive.

Local authorities try to protect themselves from most forms of accountability. In Slovakia local governments are still not subject of any external control (even by an Audit

Office), and lobby as much as possible to maintain this position. In the Czech Republic, municipalities over a certain number of inhabitants have to have a yearly audit, including a performance audit (Rektořík and Šelešovský, 1999).

While central government has attempted step by step improvement of its reporting to citizens, local authorities still do not feel the need to be accountable to local citizens, and some existing initiatives are more or less nominal. From 2001 all state organisations under ministerial responsibility in Slovakia (165 in total) must publish compulsory annual reports, and also make them available on the internet (Hollý, 2002). Such reports are really aimed at citizens, and shall answer important performance related questions, such as the how resources are used, what are the goals and how well are they achieved, what improvements are possible. Municipalities in Slovakia, however, have not followed this trend. Only some of them publish similar information, whether in written or in electronic form. In particular, financial performance data are still rarely shared with citizens. A brief survey of the web pages of Czech cities suggests that situation there is a bit better, and the web pages of larger cities seem to be improving significantly, thus increasing accountability.

Interesting research on responsiveness has been undertaken in two stages in Slovakia (Swianiewicz, 2001: 251-253). The question was: "Do local politicians and administrators try to learn about public preferences between elections?" The first step was a survey in 1998 of 26 (progressive) local authorities, participating in a public relations project. The second step was a survey in 2000 of 66 randomly chosen local authorities. Of the 26 municipalities in the first sample, 10 had not undertaken any survey of public opinion up to that time. Another 11 had undertaken only one survey, and only one was undertaking such surveys regularly.

In 2000 17 of the 55 municipalities which responded had not undertaken any such activity. Of the 49 municipalities which had undertaken some surveys:

- 60 surveys focused on assessment of needs in the area of delivery of local public services (30 for infrastructural services, like gas, water supply, and 30 for social and other services)
- 26 surveys focused on public opinion about the activities of the local authorities.

It is clear that responsiveness and accountability to all stake-holders are not typical features of local authorities in the Czech Republic, and the situation in Slovakia is probably even worse. This situation provides another

limiting factor on the possible advantages of decentralised government.

The decentralisation process considered from the point of view of transparency: Increased transparency limits possibilities for extracting private (non-ethical) benefits from serving in public positions, something which is still common practice in all accession countries (see data on corruption – Tables 3 – 5).

The problems of corruption and its sources in selected CEE countries were investigated by Miller, Grodeland and Koschechkina (1998). Table 4 indicates that the behaviour of politicians and officials might be rent seeking, rather than promoting national and local interests – the data are old, but recent pools do not show any important changes.

Table 3. Respondent's view regarding the behaviour of politicians and officials

	Czech Republic	Slovakia	Bulgaria	Ukraine
Most politicians behave worse now	65%	82%	40%	87%
Most officials behave worse now	47%	66%	45%	89%

* Source: Miller, Grodeland and Koschechkina (1998).

People seeking something to which they were entitled by law, still think they have to offer money or other benefits, to get the service of expected quality. Tables 4 and 5 highlight this problem.

Table 4. The need to use contacts, presents, and bribes

	Czech Republic	Slovakia	Bulgaria	Ukraine
Approach officials through a contact	76%	87%	86%	90%
Offer a small present	62%	80%	84%	91%
Offer money or an expensive present	44%	62%	72%	81%

* Source: Miller, Grodeland and Koschechkina (1998).

Table 5. Likelihood that bribes must be offered to different officials

	Czech Republic	Slovakia	Bulgaria	Ukraine
Officials in state ministries	70%	85%	82%	87%
Hospital doctors	47%	89%	93%	94%
Customs officials	53%	71%	92%	86%
Court officials	44%	75%	80%	87%
MPs	54%	74%	74%	80%
University staff	34%	78%	73%	89%
Officials in local government offices	49%	58%	79%	87%
Police officers	42%	64%	72%	89%
Elected officials on local councils	44%	52%	69%	80%
People working in the private sector	42%	55%	63%	61%
School teachers	10%	36%	45%	68%

* Source: Miller, Grodeland and Koschechkina (1998).

To increase transparency both Slovakia and the Czech Republic recently adopted modern laws on free access to information. Compliance with this law at local level is unsatisfactory – e.g. several municipalities in Slovakia decided that records from municipal assembly meetings (open to public) are secret documents, not accessible by general public (after which, more municipal councils adopted a similar approach). Financial and time constraints are also used to prevent citizen to access "free" information. A survey of Czech students showed that different municipalities need different lengths of time and charge different fees for the delivery of the same information. The experience of the authors' students asking for data to prepare seminar papers is similar – the data is provided in some cases, but not in others.

To conclude, we have to stress that lack of transparency has represented one of the main weaknesses, prohibiting the achievement of generally accepted standards of local governance in some (and probably all) accession countries.

The decentralisation process considered from the point of view of efficiency: Good governance has to be effective, efficient and economical. The relations between decentralisation and the allocative and technical efficiency

of local public administration are very difficult to assess, especially in the specific conditions of transitional countries, where there are very limited databases of the relevant information. In this chapter, we will stress just two important "anti-decentralisation arguments".

Reforms always involve costs – for example, the estimated costs of the public administration reforms implemented in Slovakia in 1996 were estimated at more than € 0.5b, just less than 10% of the annual state budget. It is not so simple to find such resources in accession countries, but without resources many necessary preconditions for successful decentralisation cannot be achieved.

There are also important economic limits to decentralising several public services and activities, because of "scale-economics". Because exact data are scarce, we will examine the case of local taxation, because administrative costs of local taxation in the Czech Republic were recently calculated for a random sample of municipalities, using personal interviews, personal time-shots and analysis of existing statistical data. Table 6 describes the results.

Table 6. Administrative costs of taxation in selected Czech municipalities (2000)

Municipality	Number of inhabitants	Revenue from local taxes (thousands units)		Administrative costs (thousands units)		Administrative costs (%)
		CZK	EUR	CZK	EUR	
A	150	3	0.1	6	0.2	200
B	400	7.5	0.25	8.1	0.3	108
C	6400	1313	44	182	6.1	14
D	9800	970	32	307	10	32
E	23000	1365	46	243	8	18
F	33100	7750	258	243	8	3.1
G	72000	15207	507	486	16	3.2

* Source: Vitek and Pubal (2002).

Although this is just a random sample, and the calculation might be biased by problems in calculating exact costs (e.g. the proportion of time which some officials devoted to this activity), figures clearly suggest relatively high administrative costs for any activity in very small municipalities. (Note that administrative costs for central taxation in the Czech Republic are estimated to be a bit less than 3%).

Transfer of responsibilities must not mean increased efficiency of public service delivery. The data highlight that there are large inefficiencies on communal level (for example the unit costs of delivery of local public services significantly vary between municipalities – Table 7).

Table 8. Average costs of waste collection and refusal according to respective forms of service delivery

Form of delivery	Number of municipalities	Average yearly costs per inhabitant
1. Municipal employees	2	136,29
2. Brutto budgetary organization	2	295,34
3. Netto budgetary organization	7	420,36
4. Municipal limited company	9	538,35
5. Municipal joint stock company	2	701,35
Average for internal forms	22	398,34
Contracting 1	11	351,14
Contracting 2	9	251,44
Contracting total	20	301,29

Contracting 1 – citizen pay fees only to the municipality
Contracting 2 – citizen pay fees both to municipality and to supplier

* Source: Nemeč and Merickova, 2004

The decentralisation process considered from the point of its implementation (failures): The potential positive impact of decentralisation is very influenced by reform preparation and reform management issues. There are many cases in accession countries showing important deficiencies connected with poor preparation and implementation of reform measures. This is no surprise – there are many objective and subjective factors impacting on reform processes and limiting their chance of success.

The science and skill of public policy is still at a very early stage of development in the region. Both in Slovakia and the Czech Republic, the necessary policy analysis capacities have started to exist only recently (Potůček and Radičová, 1998). Policy advice is not well accepted by politicians and the voice of lobby groups is usually much stronger than that of expert opinion, both at central and local levels.

In such an environment reform design and reform implementation failures are to be expected, limiting the chance of success of decentralisation approaches for improving public administration performance. We stress some such problems in the following text.

As mentioned, regional authorities in both countries include too many small regions to be accepted by the EU as NUTS II. To compete for EU pre-accession, and later structural and cohesion funds, they need to co-operate. Experience proves that this will be not so simple because of many factors – as minimum transaction costs would increase.

The reforms in both countries do not include many well-known "micro-mechanisms" which are likely to be necessary to support better quality and higher efficiency in public administration and public services, such as changes in public financial management rules, rules to manage contracts,

accountability mechanisms, real "ex-ante" audit, performance and outcomes management and audit, citizen charters, etc. Without them, decentralisation might well be not enough.

Moreover, many legislative documents were "developed" too fast. They included apparent mistakes, to be amended as soon as possible. In many cases there was no time to prepare for the execution of the relevant legislation. One apparent example of this problem for Slovakia is the Civil Service Code, in force from April, 1st, 2002, although the Office for the Civil Service was not fully established by this date. The head of the office was appointed only in March, filling other posts only later, so that there was almost no chance to perform tasks connected with the transfer of existing civil servants to the "new" civil service..

Decentralisation is an important but not a simple tool to achieve better governance and it needs to be planned and implemented very carefully. It is clear that recent conditions in the transitional countries have not allowed this to be achieved.

Conclusions – does decentralisation help to achieve better governance in CEE countries? Most if not all experts would agree that decentralisation is important – maybe even the most important – tool of public administration reform but also that it does not represent a unique panacea. Decentralisation has the same character as most of other reform mechanisms – it can bring both positive and negative effects, depending on local conditions and associated complementary measures. In inappropriate environments, decentralisation cannot deliver the positive improvements hoped for it, except in occasional cases, where specific factors play a favourable role. Indeed, the opposite might be expected, especially in the short term –

decentralisation, when not supported by other mechanisms, might deepen many existing problems, opening additional space for many forms of "government failure".

Both Slovakia and the Czech Republic use decentralisation as the dominant tool to change their current public administrations. As outlined above, many risks and problems accompany this approach. Not enough time was allocated to preparation and later implementation of the necessary legislation, and many necessary preconditions for success of decentralisation were not created. Of course, many short-term problems can be expected as a consequence of any reform.

Decentralisation in Slovakia and the Czech Republic has not yet created conditions, in which regional and local-self governments are able to solve their own problems without much intervention from central government. A main reason for this at the local level is too much fragmentation. Too many municipalities are smaller than 1000 inhabitants, and suffer from lack of financial and human resource capacities. Although this problem is well-known, there seems no political possibility of creating larger units (and indeed the number of municipalities is still increasing because of fragmentation processes). Processes of voluntary co-operation started only recently. At the regional authority level, it is too early to assess their performance. In both countries regional self-government is still not in full operation. However, it is apparent that regions are also too small to serve as NUTS II, which may cause problems in the future.

Two other factors might influence future of local governments in Slovakia and the Czech Republic. First, in both countries recent government do not possess majorities in the Parliament, and their political perspective is unclear. In case of political change (might happen in any moment) the processes of decentralisation may change significantly, as opposition approaches differ significantly, especially in Slovakia. Second, in the Czech Republic large activities towards standardisation of public services delivery system are realised, and first sets of standards already exist, to set minimum levels of services required. In case these processes would continue (pushed by socio-democrats), it may influence local governments in significant scale.

In spite of current problems, there is still a good chance of successful decentralisation in Slovakia and the Czech Republic. The intellectual capacity to add the additional necessary "substance of reform" already exists. The main risk factors are the approaches of future leading politicians. Newly elected leaders may misuse the inevitable implementation problems arising from decentralisation to stop the process and revert to centralisation, or alternatively they might decide to add in the missing mechanisms into the reform processes.

In the latter case, many positive outcomes could be expected, especially in the medium- and long-term perspective. In such situations the message could be that decentralisation, as important principle and tool of comprehensive and systematic public administration reform, helps very much to improve performance of public administration in our country.

These scenarios provide also some kind of answer to the question in the subtitle of this chapter. The authors believe, based on existing data and their experience that decentralisation might well be a good thing to achieve better governance in accession countries in Central Europe, but only under certain circumstances. Decentralisation alone does not bring positive results, automatically and immediately.

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ДЕЦЕНТРАЛІЗАЦІЯ ТА ЯКІСТЬ УПРАВЛІННЯ: ДЕЯКІ ПИТАННЯ З ДОСВІДУ ЧЕХІЇ ТА СЛОВАЦЬКОЇ РЕСПУБЛІКИ

Державні реформи управління в Чеській Республіці і в Словаччині почалися майже відразу після "оксамитової революції" в 1989 році. Більше двох десятиліть конкретного досвіду децентралізації в конкретному середовищі двох обраних країн з перехідною економікою в даний час забезпечує достатньо матеріалу для спроби оцінити основні плюси, мінуси і ризики децентралізації в якості інструменту реформування державного управління в цих умовах. Метою роботи є обговорення деяких важливих питань, пов'язаних з процесами створення сучасного управління в країнах з перехідною економікою, в основному, на основі децентралізації, своїх загальних проблем і при своїх специфічних обмеженнях усередині країн, що входять до Центральної Європи. І Словаччина, і Чеська Республіка використовували децентралізацію як домінуючий інструмент, щоб змінити свої державні адміністративні органи. Децентралізація цілком може бути гарною панацеєю для досягнення кращого управління в країнах, що входять до Центральної Європи, але тільки за певних обставин. Але лише одна децентралізація не приносить позитивних результатів, автоматично і негайно.

Ключові слова. Державне управління, децентралізація, управління, Чехія, Словаччина.

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ДЕЦЕНТРАЛИЗАЦИЯ И КАЧЕСТВО УПРАВЛЕНИЯ: НЕКОТОРЫЕ ВОПРОСЫ ИЗ ОПЫТА ЧЕХИИ И СЛОВАЦКОЙ РЕСПУБЛИКИ

Государственные реформы управления в Чешской Республике и в Словакии начались почти сразу после "бархатной революции" в 1989 году. Более двух десятилетий конкретного опыта децентрализации в конкретной среде двух выбранных стран с переходной экономикой в настоящее время обеспечивает достаточно материала для попытки оценить основные плюсы, минусы и риски децентрализации в качестве инструмента реформирования государственного управления в этих условиях. Целью работы является обсуждение некоторых важных вопросов, связанных с процессами создания современного управления в странах с переходной экономикой, в основном, на основе децентрализации, своих общих проблем и свои специфических ограничений внутри стран, входящих в Центральную Европу. И Словакия, и Чешская Республика использовали децентрализацию в качестве доминирующего инструмента, чтобы изменить свои текущие государственные административные органы. Децентрализация вполне может быть хорошей панацеей для достижения лучшего управления в странах, входящих в Центральную Европу, но только при определенных обстоятельствах. Но лишь одна децентрализация не приносит положительных результатов, автоматически и немедленно.

Ключевые слова. Государственное управление, децентрализация, управление, Чехия, Словакия.

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THEORY AND PRACTICE OF FORMATION OF ACCOUNTING AND TAX POLICY OF THE REPUBLIC OF KAZAKHSTAN

This article discusses the different definitions of accounting and tax policies of enterprises in modern economy. Determined that under the status of the Republic of Kazakhstan, the form and content development accounting and tax policy, has not yet been given sufficient attention. The article recommended structural elements and content of the accounting and tax policy, as a reference guide of all kinds of accounting, taking into account the specific features of business in the Republic of Kazakhstan.

Keywords: accounting and tax policy in the Republic of Kazakhstan, accounting forms and tax policy, structural elements and content of the accounting and tax policy.

Posing of the problem. The term "Accounting Policies" first appeared with the beginning of the reform of the national accounting system and the introduction of the Kazakhstan accounting standards (KAS) as guidelines for the management of accounting and financial reporting of specific enterprises in the Republic of Kazakhstan.

Experience with the KAS more than a dozen years in practice did not lead to significant changes in the thinking of the majority of the restructuring of accounting professionals, also do not come to understand the importance of accounting policies as the basis for accounting and financial reporting. During these years, the formation and the statement "Accounting Policies" were engaged by the accounting structure of the big business. Small and medium-sized businesses generally ignored this document, or the lack of professionalism of accounting personnel didn't allow to pay due attention to this accounting policy.

The need for accounting policy, even more apparent in the process of transformation of accounting in 2008, when the Law "On Accounting and Financial Reporting of the Republic of Kazakhstan", KAS has been replaced by IFRS in big business, and NAS (National Accounting Standards) number 1 and 2 in the small and medium businesses, and accounting policies and explanatory notes are necessary as constituent components of financial statements.

Analysis of recent research and publications. Theoretical and practical problems of the development of accounting and tax policies in Kazakhstan enterprises are mainly monitored by auditing companies. Many of the publications of Russian and Kazakhstani authors on this subject from the Internet are pretty old, dated the accounting reform in 2008, so I stopped at some works of authors Mikhaleva E., Horinoy L. [4,5], Skala N., Skala V/, Nam G. [6] Nurgaliyeva R. [7-10]. Continuing problems of formation of accounting and tax policy are discussed in the periodical