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COMPARATIVE PUBLIC ADMINISTRATION

THE CIRCULATION OF INSTRUMENTS AND ADMINISTRATIVE MODELS - ENA - FRANCE

Fabrice Larat¹

Abstract

The diffusion of models and instruments of public governance can take different paths and forms. National schools of public administration as the institutions in charge of the training of civil servants in certain countries are very relevant frameworks to observe the way executives are prepared to perform their duty and tasks at different levels and in different fields and how they are confronted with different management tools and models. Based on the case of the French national school of public administration (ENA), this paper describes in which circumstances trainees are exposed to foreign public administration models or practices and why such schools that are supposed to be place for the reproduction and transmission of national public administration patterns can also contribute to the broader circulation of instruments and administrative models.

ЦИРКУЛАЦИЯТА НА АДМИНИСТРАТИВНИ МОДЕЛИ И ИНСТРУМЕНТИ – ЕНА - ФРАНЦИЯ

Фабрис Ларат

Резюме

Разпространението на модели и инструменти на публично управление може да има много различни пътища и форми. Националните школи по публична администрация и институциите, които отговарят за обучението на държавните служители в някои страни, задават подходящи рамки за наблюдение на това как представителите на изпълнителната власт се подготвят да изпълняват своя дълг и задачи на различни нива и в различни области на своята система за публична администрация и как те се сблъскват с различни модели и инструменти на управление. Въз основа на случая с френското национално училище по публична администрация (ЕНА), тази статия описва при какви обстоятелства стажантите са изложени на чужди модели или практики на публичната администрация и защо такива училища, които би трябвало да са място за възпроизвеждане и разпространяване на национални модели на публичната администрация, могат да допринесат за разпространението на инструменти и административни модели.

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Introduction

Particularly in Europe, the exchange of ideas, practices and instruments of public administration between nations has a long tradition. In the case of the European Union's member states, two main political factors can be seen as external sources for the introduction of new modes of management and governance in national systems.

First, the impact of European integration on member states' administrations via the implementation of EU-Law and the emerging European administrative area makes adaptations necessary as part of the process of Europeanization.

Second, the effects of globalization put nation states under scrutiny and pressure via rankings and international comparisons, especially because of the role played by some transnational structures – international organisations or non-governmental organisations – such as OECD, IMF, Transparency international, or Doing business...²

Yet, as Thomas Risse, rightly stated more than 20 years ago, “Ideas do not float freely”. In his seminal contribution to the constructivist theory of international relations, Thomas Risse underlined two major dimensions that are most relevant when one tries to understand how ideas “travel” in the world and what happen to them (Risse-Kappen, 1994). The first one, is that ideas intervene between material power-related factors on the one hand, and state interests and preferences on the other. The second relevant dimension he underlines, is that ideas are embedded in institutions. Decision makers are always exposed to several and often contradictory policy concepts. To understand the conditions under which specific ideas are selected and influence policies while others fall, it is necessary to have a close look at the domestic structure of the state the actors are related to, that is, the nature of its political institutions, state-society relations, and the values and norms embedded in its political culture (Risse-Kappen, 1994: 187).

In general, the issue of transnational transfers of administrative models and instruments and their influence on the governance in different countries can be tackled from various perspectives. Numerous studies have been conducted on the actors that intervene as agents of change in this regards. This includes the content of what is presented as “best practices”, “benchmarks”, “solutions” or instruments to successful conduct reforms for the modernization of public administrations, as well as the role and motives of the institutions which are at the source of this transfer. Another major strand of research focuses on the “export” of concepts and solutions and

² Regarding the issue of better law making in a country like France, two international organisations have played an important role in the debate on the necessity to make it a political priority and part of the reform process and a condition for good governance: the OECD and the European Union (see Bartoli, Jeannot, Larat, 2016).

on the use of foreign experiences, ie. both on the transfer of administrative models as well as on the results

Interestingly, little attention is paid to the concrete conditions of such “transfers”: How it happens? What are the vectors for the diffusion of such ideas within a national administrative system? How civil servants come into contacts with them? How models do become legitimized?

In order to bring some answers to these important questions, our chapter will focus on the role of some key actors in the field of public management, in particular when it comes to the transmission of relevant knowledge and administrative practices. Because they in charge of professional training of those who have to run public services and to implement public policies, national schools of public administration (NSPA) are major actors in the transmission and reproduction of the norms, principles, practical as well as theoretical knowledge that are officially considered by a state as necessary for its public administration.

Circulation rather than transfer

In the line with the recent research conducted by French scholars (Hadjinski and Vivier, 2017), we prefer in this chapter not to use the concept of “transfer” to apprehend the phenomenon of traveling ideas, for this notion assumes there is an intentional transmission of an unambiguous message in a particular direction. Concerning new ideas related to public administration and public management, we argue that national administrative systems are not passive recipients of “imported” foreign models or instruments, but can at the same time produce and export some ideas, and in any case actively contribute to the transformation of guiding ideas and principles. In opposite to the notion of “transfer”, the concept of “circulation” has the advantage to give a more differentiated picture of the traveling ideas or models, since it means a non-linear, multidirectional and polymorphic process in which the objects that circulate does not remain unaffected by the transmission and the way they are received, interpreted and – sometimes – re-appropriated.

Analysing traveling ideas as a transfer can indeed be by far too simplistic. When broad international comparisons and typologies are proposed, there is a common trend to oversimplification. For instance, some oversimplified versions of the way new public management (NPM) has been disseminated in Europe have emerged in connection with this approach. In this context, countries like France and Germany have been seen as "keepers of old bureaucracy" which are "not really" reforming their administrations. Actually, as Eymeri-Douzan rightly points it out, the “NPM laggard/maintaining” thesis about France is a misleading stereotype since it is based on a biased conception of NPM, which ignores its double nature. If, like many scholars following a cognitive approach to policy paradigms and paradigm shifts, one

considers NPM as “a generic and trans-cultural intellectually driven revolution whose strength would rely mainly in the diffusion of beliefs, norms, models and languages”, then the worldwide spreading of NPM is likely to be understood as a “quasi-religious movement” and its penetration into a given country must be seen in terms of a “conversion” - or a refusal of conversion - of the politico-administrative elites who pilot the state apparatus (Emery-Douzans, 2013: 503-505).

While the main actions related to NPM which concern efficiency, or the privatisation of some activities have been quite largely undertaken in many Western countries, the procedures set up in France seem to have remained globally more moderate. Reforms implemented in the French public sector therefore depend much more on the creation of an *ad hoc* public management, deemed to improve overall quality and performance, while respecting the values of the French public service, and by avoiding the blind transposition of techniques from the private sector (Bartoli, 2007: 25).

The reason why the circulation of principles and instruments is much more complex than the unidirectional movement of exporting well defined ideas from one country or system to others can be found in the features of the different national administrative systems, or what we mentioned previously as the nature of a country’s political institutions which is related to the way principles and instruments are interpreted depending on national contexts. Geert Bouckaert and Christoph Pollitt rightly observed in their analysis of public management reforms in some OECD countries (2000) that there is a great gap between, on the one side, countries related to the tradition of *Rechtsstaat* like France or Germany for which the state is a structuring element for the society that produces a vision and give sense to it, and on the other side, countries paying great importance to the notion of public interest, which are dedicated to the role of the state providing independency and equity towards private interest, but without expecting for the state neither a vision nor a sense making function.

In fact, when there is something that is assumed to be a change of paradigm for public action (for instance NPM *versus* public law), then the attention-grabbing question is to understand how the different elements of a given public administrative system which is supposed to change will react, when at the same time their very function is to contribute to maintaining the system’s identity and continuity? This particularly hold truth for the organizations in charge of educating and training civil servants.

An apparent paradox

Looking at the contribution of national schools of public administration to the international circulation of international public administration models and instruments may sounds a little bite

like a paradox. In order to demonstrate why it isn't a contradiction and to what extent national schools do participate to the circulation of public administration instruments and models, we will in a first part of this chapter explain what are the specificities of NSPA and their function in their respective national administrative systems, and in a second part, based on the example of the French national school of public administration (ENA), we will present the different modes and forms of exposure to concepts, tools and principles regarding the way public administrations are organized and managed nowadays, which occur at ENA.

1. The role of national schools of public administration in training civil servants and framing their profile

National schools of public administration are very interesting organizations with regards to their contribution to the circulation of public management concepts and instruments due to their governmental status and their place in the administrative architecture of a country, but also because their purpose is *per se* to contribute to the diffusion of ideas and knowledge about and for public administrations. At the same time, the educational and recruitment systems of public servants that are schools of public services are paradigmatic examples of the historically rooted national distinctiveness of public administration traditions (Reichard, 2017: 135).

National schools of public administration can be considered as arenas in which the circulation both of national and of transnational models of public administration and management takes place. For sure, not all countries have NSPA. It is the case in France, in Italy or in Poland (and until recently in the UK). In other countries, education and training in the field of public administration is done by universities.

Having stated this, irrespective of the institutional relationships that exist between training organizations and government institutions, schools of public administration do have an influence on the way public servants perform their duty and tasks, both in their role of setting the conditions for the perpetuation of the system, and as agents of change through promoting new ideas and innovations. However, as pointed out by the OECD in a recent study, the ability of schools to undertake these roles depends in large part on their ability to integrate and translate the priorities of the national government into its programming: "This highlights a two-way relationship between schools and other institutions of government, also in exchanging information about needs and priorities. It also reflects the importance that the national government places on civil service training and professional development" (OECD 2017, 49).

More specifically, NSPA are important mechanism in the reproduction of national public administrations systems and cultures with their values, traditions and particularities. Via their teaching programs, they play the role of transmission belt in the circulation of public administration knowledge, especially as to the transmission of paradigms and the perpetuation of the national *doxa* with regards to what is considered as necessary and right for administrating and governing the country. As to ENA, as a national school, and particularly as a school of and for the administration, it is a privileged place for the production and reproduction of official representations on what is the state and what are or should be its role (Mangenot, 1998).

Training and the transmission of public sector values

Given their mission of selection, recruitment and pre-service or in-service training of civil servants, national schools are often presented as the ideal setting for the transmission of public service values. Together with the family and the workplace, they are considered to be even more important places of transmission and ownership of the values that are a major element not only of the civil service identity but of each national administrative system as well (Larat & Chauvigné, 2015).

The reason why ENA puts so much attention in its training program on deontology and public service values is because they should be part of the mental map of the future public managers. Beside applied knowledge, know-how, some particular skills and competences, these issues are considered to be key to develop professionalism and to ensure the cohesion and homogeneity of the French civil service.

When schools of public administration like ENA belong to the government, it means their teaching program as an official character. The content is mandatory. What is taught and how it is taught reflects the governmental priorities and the curricula as a corpus of norms, principles, instruments and procedures to be learnt represent a kind of logical framework that is aimed at framing the behaviour of the civil servants when performing the duties.

A change of paradigm

Implicitly or explicitly, all the organizations dealing with public administration's training and development, independently from their statute, incorporate the idea that "society and the public sector are changing under the influence of evolutions such as increased internationalism, the intertwining of the public and private sector, the challenges of e-government, climate change, international terrorism and so on. Civil servants need to be prepared to face these new (and future)

challenges” (Pollitt and Op de Beck, 2010: 26). Hence, the content of training programs must be regularly up-dated and adapted.

In the field of human resource management for instance, one consequence of the introduction of competency management in public administrations has been the greater emphasis placed on “upskilling their workforce, continuing professional development and lifelong learning” (OECD, 2011: 125); this being part of the strategy aiming at making the public workforce more competent, flexible and adaptable. The development of changing competencies also requires new types of training and development approaches. As national institutions with the mandate to provide learning, training and professional development to civil servants, NSPA are key actors for the development of civil service relevant skills and knowledge. In fact, “acquired competencies are often seen as learning outcomes in terms of knowledge, skills and abilities of schools” activities and become an important issue in evaluation of schools’ performance. In this capacity, [they] complement learning and development that occurs as part of workplace activities, and supplement knowledge acquired as part of other formal secondary and post-secondary education and professional development” (OECD, 2017: 25).

According to Hajnal (2003), public administration programmes in Europe can be divided into three groups: a business group (e.g., Denmark, Norway, Latvia, the Czech Republic and Slovakia), a policy / administration group (e.g., Germany, France) and a legal group (e.g., Poland, Hungary, Portugal, Italy and Greece). Despite of being a country having a strong legalistic tradition, the study of public management in France is becoming more and more important. For Annie Bartoli, a well-informed observer, continuing education for civil servants on issues related to public management and professional studies in the field have flourished, similarly to academic teaching and research. As for initial training in the French higher educational system, it is gradually incorporating - though still modestly - the topic of public management in the curricula (Bartoli, 2007: 14). This trend can also be observed in French NSPA such as INET, the school in charge of training senior civil servant for local authorities, at EHESP, for managers of the health sector, and as we will see in the following chapter at ENA. Yet, the development of public management study and research in France still has deep historical, cultural and institutional roots: “Projected measures needed or required to improve public sector performance are strongly influenced by already existing structures and their legal and cultural base” (Bartoli 2007, 38).

2. Exposure to international models and instruments of public administration in and via national schools

Following Geert Bouckaert, we can consider that, whether - and in what ways - public management reforms change administrative systems are questions that can only be raised in cases of truly substantial reform policies which bring about changes in standards and habits, and as a consequence, in the administrative system itself. Three distinct hypotheses explain the transformation of administrative systems: changing public management tools, pressures; restructuring (Bouckaert, 2003: 105-106). As a matter of fact, to understand transformations, one should have a look at the circumstances in which civil servants, during their professional training, are confronted to such tools and ideas, and in particular to their exposure to the elements that constitute public administration models.

The following table summarizes ENA's different forms of contribution to the circulation of knowledge and practices depending on the orientation given to dissemination, on the kind of public targeted and on its objectives.

TABLE 1: FORMS OF DISSEMINATION OF KNOWLEDGE AND PRACTICES RELATED TO ADMINISTRATIVE MODELS AND INSTRUMENTS AT ENA

Orientation	Public targeted	Objective	Means taken	Form of exposure to PA/PM models and instruments
Internal (needs of French system)	National trainees	Teaching and training	Knowledge required to pass the competitive examination Internships Curriculum	Canonical knowledge as well as managerial and leadership potential Observations 'on the job', with mimetics effect and opportunity to discover foreign systems Using new instruments
	National and international trainees	Mixing publics	International dimension of the training program Exchange of experience	Passive: Contact with foreign civil servants Comparison with foreign systems
External	Team in charge of developing training at ENA	Influence (in)	Monitoring state of the art in the field of public management and administration research Benchmarking and best practices	Participation into international networks
	Foreign PA systems	Influence (out)	Partnerships, twinning programs, conferences	Promoting French model and adaptation to local needs

Exposure to ideas, principles and practices in connection with the entrance examination and during the pre-service training program at ENA

There are two steps regarding the transmission of knowledge regarded as necessary to prepare civil servants performing their tasks and duties. The first one regards the entrance examinations, which content reflect the priorities set by the government as to what is considered both as mandatory prerequisite and as legitimate selection criteria to access the professional training. At ENA, there are two phases of competitive examination³. The qualifying examination phase consists in 5 written essays (public law, economics, contemporary societal issues, social matters and public finances). The examination for admission consists in 5 oral examinations (career interview with a panel, an interaction group assessment, a test on European issues, a test on international questions and a foreign language test). Whereas written examinations have a strong national orientation because they mostly seek to ensure that selected candidates who will become civil servants do have an advanced knowledge on French political institutions, law, social and economic situation and a good command of the body of works that are indicated in the recommended readings, oral examination are more focused on skills and abilities and as such open for principles related to public management.

Even if a first confrontation with public administration and management ideas, principles and practices applying in the French system already happens when candidates to ENA have to deal with canonical knowledge and the jury's expectations, the main exposure takes place during the training period itself which lasts 24 months, both as part of the curriculum and during the professional practice period accounts for nearly 40% of the final mark. The internship period organised at the beginning of training program consists in a 4 months international internship (ie. in an embassy, NGO, UE institutions), a 2 months internship in an enterprise (large companies, SMIs, or start-up) and finally a 5 months internship in public administrations at territorial level (prefectures, or local authorities). During the internship period, trainees assume responsibilities and learn the art of decision making through examples set by senior officials who act as tutors (ambassadors, prefects, mayors, European Commissioners, CEOs of a company, etc...). During the internships in territorial administrations, because students tend to reproduce what they observe and what is given to them as positive examples to follow, this learning process produces a strong mimetics effect that contributes to perpetuate the ruling values, behaviors, procedures and working mechanisms used in the French administrative system. On the opposite, during the

³ There are three ways of access to ENA : the "concours externe" for students having received a university-level diploma for at least the equivalent of three years of studies after secondary school ('A'Levels+3), all candidates now have a Master degree ; the concours "interne" for career civil servants or government employees with at least four years' professional experience; no diploma is required ; and the "troisième concours" for elected officials, labor leaders and private-sector employees, with a total of at least eight years of professional or elected experience; no diploma is required.

international internship, trainees have the opportunity to discover the way public administration works in another countries or in an international organization like the EU and to learn about new concepts and practices⁴.

Changes in the pre-service curriculum

Walter Kickert (2007: 3) identifies three clear examples of countries with a distinctive, typical continental-European, strong legalistic state tradition. This tradition has its roots in the nineteenth-century history of state formation, particularly the establishment of the liberal *Rechtsstaat* in continental Europe, and the legalistic tradition is still prevailing in these three countries. Legalism in the French, German and Italian administrations appeared to have a major impact on the recent managerial reforms in these countries, for the legalistic paradigm fundamentally differs from the managerial one.

Against this background, it isn't surprising that legal aspects always played an important role at ENA, both as selection criteria (there is a written test dedicated to public law as part of the competitive entrance exam) and as part of the curriculum (regarding the attention paid to law). Yet, important transformation can be noticed in ENA's curriculum. First public management courses were introduced 1982 with the reform initiated by Anicet Le Pors, minister in charge of public administration and of the civil service. In the following, managerial forms of knowledge and skills have been strengthen (Bezes, 2009) and the curriculum has moved away from its original bi-disciplinary (public law and economics) structure as designed by ENA's founding fathers (Kollop et Billand, 2013: 224).

In fact, during the last two decades, French decision makers became increasingly aware of the importance of some important raising issues in the field of public management such as the shift toward the customer-based approach, results-based management, the public service being open to prosecution, the advent of new information technologies, demographic, organizational culture and human-resource management and, finally, the objective of serving an increasingly pluralistic population, in both ethnic and cultural terms. Furthermore, with European integration, there is a growing cooperation among the countries and the future of policy development is increasingly vast and complex. National administrations must work in the preparation and application of the collective decisions, and just as the other EU member states, France becomes open to the influence of public servants from other countries (Charih and alii 2006, 32).

⁴ While a majority of trainees are posted in French embassies abroad, other are hosted in European or international institutions (WTO, IMF...) or in foreign administrations such as the UK treasury or the German ministry of foreign affairs.

Adapting ENA to these changes implies the identification of the administrative competencies needed by the country in the next decades. These are linked to demographic evolution, internal (the role of the State and the public powers) and external (European and global context) transformations already underway such as decentralization, the redefinition of the scope of government action, the transfer from authoritarian relationship to contractual partnership, the increasing importance of arbitration and regulation, the building of Europe, globalization. As stated in a ground-breaking report, the qualities expected of public administrators evolve and beyond their traditional abilities (sense of what is in the general interest, integrity, power to analyse and synthesize, long-term vision ...), there is an essential need to develop new skills such as imagination, management of change, human-resource management, multilateral negotiations, risk management (Silguy report, 2003: 3). This is the reason why today, topics related to public management represent ca. 50% of the content of ENA preservice curriculum⁵. However, even these topics are very much connected to the French situation and to the specificities of the French civil service.

Exposure to other models and realities

The training program offered at ENA however doesn't solely focus on what constitutes the French public administration. ENA students become exposed to other models thanks to two particularities. The first one is the fact that beside French participants, a large part of the public enrolled in the program is made of foreign students who follow the same courses and also share the experience of internships⁶. Most of them do already have a public service experience at home. A passive exposure to foreign administrative traditions and systems occurs within this framework as well as the possibility to become aware about similar challenges and different solutions in other countries or to relativize the validity of some principles and mechanisms applied within the French context. Furthermore, as part of the curriculum for the pre service as well as for post-service professional training, pedagogical exercises are organised to compare and exchange experience between administrative systems⁷.

⁵ Examples of management issues addressed as part of the curriculum: Leading a team, human resource management and organizing social dialog, project management, crisis management, negotiation and communication, budgeting, change management (modernization process, administrative simplification and better regulation, impact assessments, introducing innovation in public services), evaluation of public policies, digital technology and e-administration.

⁶ The current share is of 30 foreigners from all over the world for 90 participants having passed the competitive examination. Whereas the last ones will enter the French civil service, the other ones will return to their home country to start or continue their career.

⁷ For pre-service training a joint study day with students from the German university of administrative science is organised almost each year. A similar exercise takes place as part of the post-service training program organised for around 40 French mid-career civil servants who will access to senior positions. During one day, they meet a group of 40 Italian senior civil servants and compare their experience with regards to common problems and challenges.

Different directions of external influence

NSPA teaching programs are not only means of reproducing the public management principles running the system, but can also become tools to introduce new ideas and instruments. The growing interdependency of French public administration to external factors makes necessary to monitor worldwide trends and phenomenon in the field of public management and policies in order to be informed about the state of the art in the field of public management and administration research and to know which are the current or up-coming successful practices and solutions for problem solving. It is mainly a matter of benchmarking and best practices. Participation into international networks dedicated to public administration issues, be it from a scientific perspective (eg. the International Institute of Administrative Sciences) or aiming at sharing experience between professionals (eg. International Association of Schools and Institutes of public administration, or the European network of directors of schools of public administration DISPA) as well as in international conferences, represent interesting forms of exposure to international trends and evolutions of public service at the international level⁸.

As a national school of public administration, ENA is not only an arena in which national or foreign students are exposed to national or international ideas and instruments of public administration. It is itself a major actor of the French strategy of influence in the field of public administration cooperation and development. With help of bilateral or multilateral partnership agreements and twinning and ad-hoc training programs or upon the occasion of, it promotes the French model and offers solutions adaptive to the local needs and expectations and by doing so, it contributes in return to the international circulation of instruments and administrative models.

⁸ It can be noticed that even when some models claim being international, such as the attempt to disseminate standards of excellence for public administration training programs (see Rosenbaum and Kauzya 2006), they are actually very much oriented to some particular contexts (in this case the US model) which raises some issues regarding the validity of the solutions promoted. Regarding the French position on this question see Larat 2015.

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THE THEORY OF STAKEHOLDER RELATIONS AND TRANSNATIONAL TRANSFER OF ADMINISTRATIVE MODELS

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Abstract

The paper focuses on the methodology of determining the possibilities, potential outcomes and effectiveness of implementing an administrative model into the national culture and political tradition of any given country or community. The case of national public policies and mechanisms for children upbringing and protection was chosen for a practical example and is described below.

ТЕОРИЯТА ЗА ЗАИНТЕРЕСОВАНИТЕ СТРАНИ И МЕЖДУНАРОДНИЯ ТРАНСФЕР НА АДМИНИСТРАТИВНИ МОДЕЛИ

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Резюме

Текстът е относно интердисциплинарния анализ на националните публични политики за детското възпитание (включително тийнейджъри) и защитата на правата на детето на базата на природните и социални условия в страната, включително по отношение на културните традиции и практики, които са част от отношението на възрастните към децата и междуличностните отношения в общността. Разгледани са връзките със заинтересованите страни в общността - на ниво обществени отношения, в които нечи стремежи към придобиване на пълна лична свобода са балансирани с нечи социални задължения по отношение на други членове на общността. Разбирането на природата, правилата и опциите на отношенията със заинтересованите страни в една общност дава възможност за трансформиране на ситуацията, които често се разглеждат като конфронтация в конструктивно социално сътрудничество.

The processes of cross-cultural experience transfers, its results and adaptation outcomes first came to the focused attention of Arnold van Gennep, Bronisław Malinowski, and Alfred Radcliffe-Brown. Their works describe the specifics, peculiarities and effectiveness of trans-border transfer of traditions, ideas, practical knowledge and information as such. The similar method of comparative analysis was used in the anthropologic and ethnographic studies of Franz

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Boas, James Feibleman, Edward Evans-Pritchard. Still, it was the American anthropology school (Alfred Kroeber, George Murdock, Leslie White, Melville Herskovits, Daniel Levinson, Carol and Melvin Ember and others) that paid particular attention to the cross-cultural and transnational means, methods and methodology for implementing administrative models and instruments (public policies). This school had created and left behind a quite particular, but still rather well-knit theory for these processes.

Almost simultaneously with the holocultural research, the cross-cultural studies were held in the sphere of psychology: Elliot Aronson had set the goals, David Matsumoto had determined the key research areas, Svetlana Lurie had drafted the theory, and Harry Triandis had developed the applied practices for ethnic and cross-cultural psychology.

By the end of XX century, following the psychology and linguistics there appeared the new scientific research areas that used the principles of cross-cultural comparative historic analysis – namely, the works of Edward Hall, Anna Wierzbicka, Deborah Tannen, Nigel Holden (the founder of cross-cultural management, Mikhail Bakhtin, Moses Kagan, Yuri Solonin, Svetlana Ikonnikova, Andrei Korotaev, Ludmila Pochebut and others. They had put the background for the possibilities to apply this type of analysis in social and cultural anthropology, having also pointed out the earlier unnoticed methods of traditions, ideas and information transfer between various human communities.

The processes of community transformation with simultaneous amendments to the public policy for children upbringing on the post-USSR territory were studied by Tatiana Zaslavskaja, Rosalina Ryvkina, Alexander Panarin etc. Particularly interesting are the related works of Ruth Benedict, Neil Postman, and Dieter Richter who focused their research on consistent patterns, mechanisms and phenomena of *social construction of childhood* (a Soviet approach, which included the balanced influence onto every child through culture, family, school and state), which are used by the community (inclusive as political technologies in the process of *social construction of youth* – a process that followed the social construction of childhood and included also the means to stimulate the self-motivation of the youths within the government-set rules and legislation) with the aim to sustain the chosen development path, political order and socio-ethical model.

The same aspects of the childhood issues were studied by Svetlana Belicheva, Lamara Mekhrishvili, Yuri Klaberg, Galina Sillaste and others. The content and focus areas of social public policy related to children – by Irina Grigoryeva, Vasily Zhukov, Sergey Smirnov, Evdokiya Kholostova etc.

The issues of social protection for orphans, their education and further participation in the labour market, the housing support, health protection and relevant medical aid etc. were subject of the research for Isabela Dementieva, Andrey Elizarov, Valentina Forsova and others, who described and analyzed that within the framework of studying the family as a social, political and religious institute in Russia. Particularly interesting are the works on dysfunction existing in the state-governed institutions and public policies for protecting the rights of the child, which were deployed to solve the problem of child homelessness (described in the works of Elena Breeva, Lyubov Dulinova, Eugene Slutsky, Svetlana Stevenson, Lydia Samokhina) and social adaptation problems in the orphanages (focus of the works of Isabela Dementieva, Inna Nazarova etc.). Also worth the attention are the works focused on the regional practice for means and measures programming by Gregory Zabryansky and Elena Savinkova, as well as the study by Tatiana Papkova, who focused on national legislative mechanisms for preventing the juvenile crime and delinquency through implementation of international norms and standards.

The political processes of development of the state (public) social protection for children were studied by Peter Berger, Thomas Luckmann and Abraham Maslow with the methods of theory of social reality construction and by David Durkheim, Max Weber, Talcott Parsons and Maurice Duverger with multifactor analysis. The systemic analysis was used as basic for the overall research concept Harold Lasswell, Yuri Surmin, Sergey Kuznetsov and others.

The comparative historic analysis was used to determine the general and the particular in national (community) public policy in children upbringing and their rights protection. Their status changes were studied in the context of developing a) the stakeholders interactions of the subjects of the socialization process, and b) the community's political tradition.

The economic aspects and civic society role in these processes were analyzed according to Brian Barry, based on the classification of the evolution cycles of the civic movements by Yngve Ramstad.

All the abovementioned scientific approaches look into the issues of information transfer and perceiving, and the functioning of the built on its base social structures and relations (inclusive of the administrative models and instruments) as separate matters and from different points of view limited by the framework of their chosen research areas. The majority of the researchers have analyzed the cross-cultural transfer of information and experience as a process that is limited by unique rules and conditions. This is why it is rather difficult to correlate these researches with each other and join together their results. Even if the methodology for analyzing these processes was gradually perfected, it is not able to give answers to the questions that keep arising under the influence of the continuing globalization.

As a result, the new scientific approach – a theory of stakeholder relations – has appeared and its application allows getting the necessary answers. This theory allows for studying the processes of administrative models and instruments implementation not as random or periodic natural phenomena of chaotic character, but as an interconnected sequence of contacts, through which the countries (communities) exchange practices for mutual benefit.

The study of stakeholder relations in a modern community is a relevantly new area for the scientific interdisciplinary research. The stakeholder relations can be described as a level of social relations, which possesses both network and institutional structure. Also, this level of social relations is quite particular as it unites both the aspirations of a community member towards gaining full personal freedom and his/her social duties in respect to other community members. The results of stakeholder relations research are subject of attention for the sciences that study the means and processes of people management (such as public administration, business administration, political studies etc) since they contain the applied practices for modeling, forming, managing and controlling the subordinate social groups.

Understanding the nature, rules and options of the stakeholder relations in a community allows for transforming the situations that are seen, in many cases subjectively, as confrontational into constructive social co-operation. The functioning system of stakeholder relations is a sign that the community has reached a high level of social development.

The stakeholder relations begin to exist from the point, when the basic condition is met – the sides have started to recognize each other as equal partners in dialogue and possible co-operation. The key specific trait of these relations is the existence of point for efforts application that is common for all stakeholders – an object (or process) that they all are interconnected with through a stake that each one holds, notwithstanding their personal goals and aspirations towards the present state or the future of that object. That is, whichever interests or aspirations one has (inclusive of contradictions and controversies), all the stakeholders have no other way out, but to communicate, negotiate and find compromise with each other within set framework of rules. They have to base their dialogue not only on threatening and pressure towards their counterparts, but also on certain forms of self-containment and restraint. The stakeholders have to co-operate closely and effectively, otherwise they will not be able to reach their goals.

As we know, a government or a social structure that aims to have noticeable influence in a community is looking for means to inspire and influence, directly or indirectly, the thoughts, needs, dreams and aspirations of those people, whom it can reach out to. The human development history proves that the most effective method for this is to actively participate in forming and then influence the socio-cultural sphere, where the rules and patterns of social interaction, inclusive of

stakeholder relations, are established. This is why a carefully chosen and cultural paradigm with relevant historic and ideological background is a powerful instrument for influencing, and therefore managing, a community of a chosen size. Particularly when it comes to the younger generation, whose development patterns determine the future of that community, or humankind as a whole if we take a bigger scale.

Every government has its own, unique public policy for culture. Nevertheless, the influence of various globalization effects, which are persistent in further homogenization of the humankind in general, trigger the forces that downplay this uniqueness in all public spheres, children upbringing and their rights protection included. An example is the *UN Convention on the Rights of the Child*, which obliges the participating governments to take all appropriate legislative, administrative, social and educational measures for survival, development and protection of children. The Convention sets common standards and requirements, which allow for analyzing, assessing and correlating the activities undertaken by a state in this respect, and the achieved effect. In order to duly implement this Convention, the national public policy in protecting the rights and legal interests of the child has to be correlated with the relevant provisions of the Convention.

The correlation of such kind results in clustering and, eventually, standardization of various socio-cultural elements that exist in different countries and communities, particularly according to their regional and ideological characteristics. The positive impact for a community generally is a) greater effectiveness of social (community) management through the implementation of the already tested practices, and b) more active development of common culture of stakeholder relations – a system of commonly accepted social values, which is crucial for the very existence of today's transborder co-operation.

For positive effect, the implementation of the 'borrowed' practices for children upbringing (teenagers included) has to be preceded by the interdisciplinary analysis of the relevant public policies applied and functioning in various countries. The chosen study cases should include various sources and lobby-groups that promote particular patterns and approaches in children upbringing and protection of the rights of the child. It is vitally important to base the analysis on natural and social circumstances that exist in a community, inclusive of cultural traditions and practices, which are institutionalized and incorporated into the attitude patterns that adults exercise towards children and in interpersonal relations. This will allow for hypothesizing not only about the grade of applicability of a particular policy or its elements to the national cultural paradigm, but also the practical outcomes of applying the "borrowed" foreign standards and practice in a chosen community.

Today, when the velocity of global socio-economic transformations is high and not limited by the state borders, the implementation of international management experience and practices becomes a necessity, and a priority - one of strategic bases for the government's activity as such. Also, raising the quality of health protection for the children, their upbringing and life as such is one of the strategic activity goals for any government. So, the elaboration and implementation of standards and requirements for development of the human potential from the early age should become a priority in socio-economic and cultural public policies. For assessing this sphere of activity of various governmental and social structures the means and methods of comparative stakeholder analysis are appropriate and should be used.

They allow not only to determine the possibilities, constraints and risks for implementation of the borrowed (transferred) administrative models and mechanisms, but also to decrease significantly (several-fold) the spending of resources for studying, adapting and introducing of such practices. The savings come mainly from prior analysis and identification of the existing national, regional and global trends in this sphere of government's (public) activity, followed by the justified elimination of the inappropriate or unacceptable options. Then, according to the elaborated algorithms, the most effective options should be chosen along with determining the amount of resources (financial, organizational etc) necessary for practical correlation of these options with the existing national requirements. The final step consists of summarizing the necessary structural amendments to be made and drafting new functional schemes.

As we know, there are many methods and instruments for strategic analysis. Still, the majority of them were formed within the neoclassic economic paradigm. So, they assess the internal and external stakeholder environment from the point of their ability to generate profit and/ or to maximize their market value. Accordingly, the customers make the corner-stone on the commercial level, and the management – on the corporate level. These methodologies and instruments do not consider the relations with other stakeholders and their interests. This is why conducting such analysis with the classic methods results in spending a lot of time and other resources for getting the rather disputable results. The theory of stakeholder relations allows conducting the relevant study quicker and with higher credibility of the outcomes.

If we conduct the study from the point of view of a systemic formation (of any background – a government, a political party, a civic movement etc.), which aims to have (or increase) its influence in a community, with **an object of the study being national public policy in children upbringing and their rights protection**, and an immediate subject of the study being the processes of elaboration and implementation of the said public policy, then the goals of the study are:

1) to analyze the national culture and political traditions in familial and social relations relevant to children upbringing and protection in various communities (countries) of the world, as the intertwined systems and mechanisms of the stakeholder relations;

2) to prepare the recommendations on ways to optimize the effectiveness of relevant public administration authorities through development of their own systems and mechanisms of the stakeholder relations.

Then, the tasks to solve in the course of the study for a particular country/ region should be set as follows:

1) analyzing the cultural and political traditions that determine the attitude towards children exercised by adults, families, community, government, various non-governmental structures;

2) comparing the national peculiarities of the public policies with taking into account the most noticeable socio-cultural phenomena;

3) determining the key long-term trends and main elements in national cultural public policy and general assessment of their core elements;

4) analyzing the existing national political and social institutes and determining their impact onto and co-operation in children upbringing and their rights protection, and also the motives for resistance against such institutes that may exist within the community;

5) determining the national peculiarities, systemic changes and formation problems of the stakeholder relations, which may begin to appear in a community as a result of transformations introduced into the original attitude towards children and teenager upbringing and their rights protection;

6) conducting the comparative analysis, determining the applicability rate and assessing the prospective viability of the 'borrowed' foreign practice or conceptual approach to elaboration and implementation of the national policy in children (teenagers included) upbringing and protecting the rights of the child.

In the process of the study the communities (countries, regions) should be ranged according to their cultural uniqueness and seclusion from the mainstream globalization wave (taking into account the most sustainable and long-lasting trends in social relations). After that, in the course of elaborating the relevant public policy, the possibility of and the outcomes from the borrowed practices transfer should be assessed.

For example, let's take a *Project*, where a child is the object of a study, and the processes of children (and teenagers) upbringing and their rights protection – an immediate object. In today's world no one is able to single-handedly bring up a child as an active member of a

community, who would be needed by this community and able to fulfill various community functions with the aim to sustain the desired quality of own life. This is why, here the child is a centre point of all the efforts, an object, through which all the stakeholders are interconnected. In this case, the child's maximally effective upbringing and protection is a common goal, consisting of the goals of all the stakeholders.

The algorithm for analysis of the Project's stakeholders in this case will be as follows.

Step 1: determining all the participants of the Project and the relevant methods of accumulating and processing of the information concerning them.

We need to get as complete and inclusive list of the participants, as possible. Still, collecting the information based on the common sense would not include the possibilities of the latent stakeholders (or, in some conditions, factors related to their internal and external environment) to gain an exceptional influence onto the process of child upbringing and protection. The grade of stakeholder influence cannot be established separately for each of the stakeholders, as they all influence the object simultaneously and interdependently.

For credible selection of the involved stakeholders it would be reasonable to deploy methodologies and systems that use expert assessments. The sequence of stakeholder influence is best ranged according to the importance of such influence for the object and based on the multi-criterion problem.

The stakeholder analysis should determine not only the interests (relevant to the goal of the Project), the expectations and influence of the stakeholders, but also the stakeholder interdependency. This is important, because various stakeholder coalitions could be formed through such interdependencies, then new quasi-groups of stakeholders appear and should be studied and managed (influenced) using relevant strategies.

When drafting a complete list of the stakeholders one has to remember, that the ability and aspirations of the Project participants to influence the object will keep changing in the course of the Project. For taking into account all the aspects of the stakeholder relations and following the abovementioned changes we should build the *matrix of interest influence* (in Microsoft Excel or through other means working with Cartesian coordinate system).

Using this matrix we can consider both potential and real dynamics of changes –transition of a stakeholder into another matrix quadrant. The probability of such transition can be measured through the distance between the point with stakeholder coordinates in the matrix and the border of its relevant quadrant. Also, the probability of such transition generally corresponds with the relative distance – the absolute distance to the maximum possible distance ratio

$$\left(\max y, \max x, \sqrt{(\max x)^2 (\max y)^2} \right).$$

The closer the result is to 1, the less possible is this stakeholder's transition to another matrix quadrant. We should prioritize those stakeholders, whose transition is most probable – in order to stimulate their move into the “better” quadrant or to prevent their downgrade to the “worse”.

Step 2: Analyzing and ranging the stakeholder influence, determining the co-operation spheres with them and among them. Ranging the stakeholders provides for the optimization of the resources to be spent for communicating and influencing their behaviour and expectations. These problems we solved with the algorithm for analyzing and ranging the various types of stakeholder influence (both actual and potential) onto development and realization of the Project (particularly, when it comes to the synergy aspects that appear during co-operation).

The algorithm is a step-by-step solution of the following problems.

1) Determining the core stakeholder groups – the most significant for the Project (which allows us to determine the relevant benchmarks necessary for taking managerial (administrative) decisions.

2) Determining the additional strategies for behaviour and interaction with the core stakeholder groups, inclusive of individual activity strategy for each one of them (the analysis is done on the basis of R. Mitchell's diagram and the information, collected about each stakeholder).

3) Compiling a list of factors, influencing the achievement of the goals set by the core stakeholders (so we find out the influence factors, which then are split into the subgroups of internal and external).

4) Determining the resultant index that would reflect the possibility for each of the core stakeholder groups to reach their set goals (using the Principal Component Analysis for diminishing the number of factor dimensions and distinguishing the behaviour regularities of the stakeholders).

5) Comparing the data on the state changes of the core stakeholders before and after they have fulfilled their duties (analysis of the confirmed facts that the stakeholders have reached their goals).

For primary analysis of the goals and state of the core stakeholder groups we use the information, available from the open sources – the most convenient way of processing it is the SPSS (*Statistical Package for the Social Sciences*) or its derivatives.

After that, the processes of children upbringing and protection are presented as two ‘bunches’ of intertwined obligations (contracts) of the stakeholders. In order to understand the way they are intertwined, we need to correctly assess the systems of basic interdependence

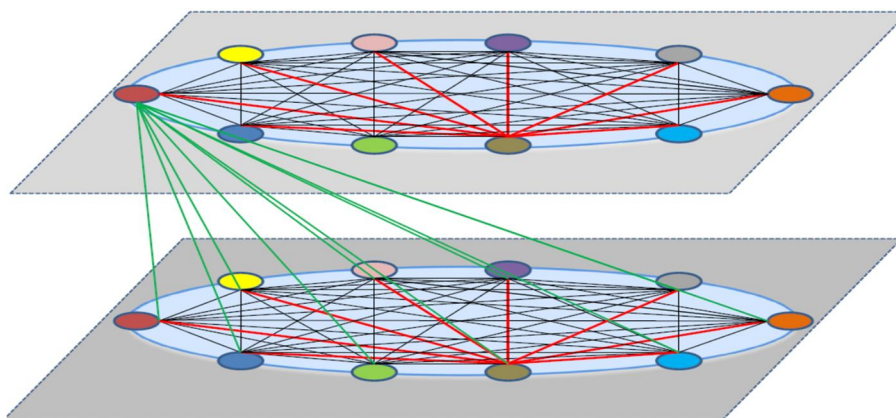
between the stakeholders, based on various types of stakeholder behaviour strategies. This could be put graphically into the Cartesian coordinates and described with available mathematic methods.

The elaboration, elimination and application of various strategy types for co-operation with the stakeholders and among them face the problem of constant dynamic changes in both internal and surrounding environment of the Project. To avoid this problem, we should build a dynamic mathematical model for choosing the strategy for interrelating with the stakeholders based on the aggregated criterion. This multi-period model allows us to assess the reasonability of deploying each of the strategy types in dynamics, and to decide on the optimal choice. By applying this model the risk of possible mistakes in reasonability determination is decreased down to the minimum (based on the individual inclination of the decision-makers towards risking).

Step 3: Selection and clusterization of factors that influence the object.

Children upbringing and protection is a stretched-in-time process of stakeholder influence onto the object. Therefore it is necessary not only to take all the factors into account, but also to consider the sequence of their influence and total sums of interactions. The easiest way is to split the factors into groups and then unite them into clusters. This problem can be solved with methods of multifactor analysis.

Fig 1. The example of interconnected influence of the factors within a cluster and between two clusters (the internal dependencies are shown for each cluster, and the cross-cluster – for only one of the factors).



In our Project, the cluster is a variety of a strategic network, which unites resources and key competences of the stakeholders on macro and micro levels according to the selected criteria. All the influence factors in a cluster could be split into a) direct and indirect influence onto a child, and b) jointly and separately financed. The clusters are selected according to a set of principles

that allow amending their organizational structure, inclusive of changing the factors themselves and/or their functions.

Looking from the optimization theory point, the task of cluster formation can be interpreted as a task of optimizing the conditions of stakeholder influence onto the object depending on the set criteria. The latter are selected based on the quality/quantity approach and through expert assessments or the relative measurements depending on the level of formalization of the chosen criteria. For decreasing the level of contradictions among the stakeholders, their interests should be balanced before deciding on clusters formation. The cluster's mathematical model is based on the idea of synergy between the key influence factors, which implies its non-linear character. The model shows the effect of *cluster's critical mass* through benchmarks, available for this cluster's parameters. Here, the problem of transition from the qualitative factor-based description of the system towards its quantitative description through numerical functions is solved by means of the fuzzy set membership function, which in dynamic system should be seen as a function of time (every factor has its own function of time). When the number of parameters increases, the critical mass grows into the critical parameter domain, the determination of which is the model's main advantage.

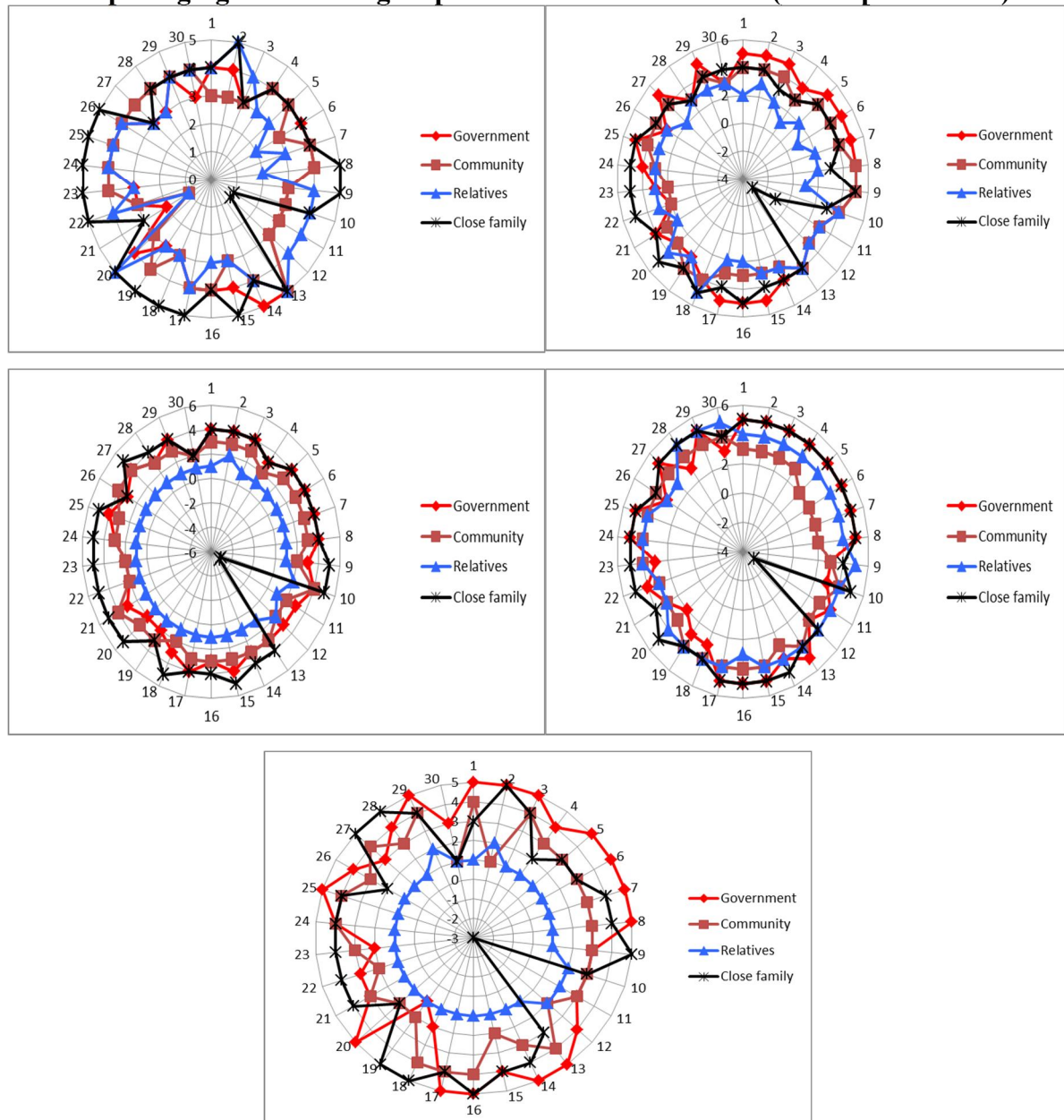
The developed mathematical model allows studying how a single cluster and a cluster network form under the influence of external and internal causes, as well as the outcomes of cluster cross-influence depending on the starting conditions and running values of their parameters. It is resistant to small parameter fluctuations, which gives it the additional viability. The model also shows how spontaneous clusterization appears when several factors start to interact. This, by the way, can happen even without any additional financing – just due to redistribution of the resources between the stakeholders.

Step 4: building the stakeholder interaction diagram.

The earlier received data are put into the Microsoft Excel (or other spreadsheet with the relevant functions) and become the basis for the diagrams showing the influence of factors (or their clusters) onto the object of stakeholder relations. For each separate cluster (or a chosen bunch of interdependent factors) we can determine the charges and vectors of stakeholder cross-influence and their influence onto the object in any given moment of time during a child upbringing and protection. Adding the vectors together (taking the operator into account) we get a magnitude of the tension force within the system, which demonstrated the power balance between the stakeholders and shows the current priorities of stakeholder efforts and the ration of reaching their goals (i.e. whether they influence the object or spend their resources to counter each other).

The following diagrams demonstrate the functions, fulfilled by the stakeholders, and the ‘depth’ of their participation in the process of children upbringing and protection for any given factor.

Fig. 2. Examples of the stakeholder and social relations in culture and family policy, children upbringing and their rights protection in various states (for 30 parameters).



Such diagrams were built for all the states, where the information about children upbringing and protection was available from the open sources. If we compare these diagrams, we can easily distinguish the possibility (or impossibility) of administrative model transfer as well, as determine (based on the study of the intra-cluster relations) the outcomes and effectiveness of implementing

the said administrative model into the national culture and political tradition of any given country or community.

The outcomes of the stakeholder relation studies conducted in various countries and communities will contribute to upgrading the current status of a state in its international relations, improving the national business environment, intensifying its commercial and other business contacts with international partners, enhance peacekeeping activities and downgrade (or even eliminate) the tensions that exist or can potentially sparkle both inside the community or in its relations with its counterparts.

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THE BENEFITS AND OBSTACLES OF PRIE-SCHOOL EDUCATION SERVICE CO-PRODUCTION IN LITHUANIA

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Abstract

The article analyses the benefits and obstacles of prie-school education service co-production in Lithuania. The methodology of the current research is based on the combination of quantitative and qualitative research methods. During the present research, the managers of the kindergardens and the active parents (involved in NGO's) were surveyed. The questionnaires were developed based on the contemporary literature in the field of co-production. Three focus groups were organized by interviewing NGO's representatives, local politicians and public servants from the Klaipėda municipality. According to the research findings citizens' involvement in co-production implied as political participation. There are few main obstacles for development of co-production at local level: lack of clear tool for the involvement; the question of legitimacy.

ПОЛЗИТЕ И ПРЕЧКИТЕ ЗА КО-ПРОИЗВОДСТВОТО НА УСЛУГИ В ПРЕДУЧИЛИЩНО ОБРАЗОВАНИЕ В ЛИТВА

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Резюме

*Предучилищното образование е особено подходяща сфера за клиентите (родители, разбира се), за да станат ко-производители на услугата. Доказателствата от предучилищното образование в Литва показват, че услугата все още е под силното влияние на „класическата“ бюрократична публична администрация, която обаче, вижда родителите като хора, които „само получават тази доставена им услуга“. Съветското предучилищно образование е било част от по-силната интегрирана система на съветското образование. Услугата е работила като интегриран инструмент за създаването на *homo sovieticus*, докато въпросът за участието на родителите е било невъзможно. 26 години от усилията за разчупване на леда като че ли са безплодни, докато по-голямата част от участниците в предоставянето на услуги (както и потребителите на услугата) все още имат съмнения относно стойността на съвместно създаване.*

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Предучилищното образование в Литва спада към компетенциите на местните органи на самоуправление. Град Клайпеда е изключителен случай сред общо 60 общини, в които за първи път в историята (през 2015 г.) повече от 2200 родители подписват петиция в протест срещу пренебрегването им при предоставянето на услугата.

Текстът има за цел да открие пречките пред ко-производителите на услуги и съвместно създаване на ценности в предучилищното образование и да предостави (на базата на теориите на Е. Остром, Дж. Алфорд) най-доброто решение за увеличаване на участието на родителите. Въз основа на опита на общината в Клайпеда се създава модел, който може да се приложи и в останалите общини в Литва, както и в чужбина (по-специално в страните от ЦИЕ). Въз основа на концепцията за теорията на заинтересованите страни се прилага многостепенна методология. Теорията на заинтересованите страни е полезна, тъй като се основава на предположението, че една организация не обслужва само нейните създатели, но трябва също така да отговоря на интересите на служители, доставчици и клиенти и дори да се разгледаат ползите от други заинтересовани страни.

Introduction

Pre-school education is a particularly suitable area for the clients (parents, of course) to become the co-producers of the service. The evidence from Lithuania's pre-school education routine proves the service still to be under the strong influence of the 'classic' bureaucratic public administration conceiving, however, parents as people who 'only receive this service delivered to them'. The soviet pre-school education was a part of a highly integrated soviet education system. The service served as an integrated tool for the creation of the *homo sovieticus* while the question of parents' participation in the co-production was a kind of *mission impossible*. 26 years of the efforts to break the ice seem to be fruitless while the bulk of the service provision participants (as well as the consumers of the service) still doubts about the *value of the co-creation*. Pre-school education in Lithuania belongs to the competency of local self-governments. Klaipeda city municipality is an exceptional case among the total of 60 municipalities where for the first time in history (in 2015) the more than 2200 parents² by signing a petition expressed their protest against being neglected in the provision of the service.

This encouraged making a research *aimed* to evolve the challenges of coproduction for all the participating stakeholders: providers of the pre-school education (namely, local authorities, the managers of the kindergartens, and the teachers) and clients (namely, parents as well as parents' representing NGO's). **Purpose:** This paper is aimed *to find* the obstacles for the *co-production* and *value co-creation* in the pre-school education and *to provide* (based on E.Ostrom, J.Alford theories of coproduction) the best solution for the increase of parents' involvement in the co-production. Based on the experience of the Klaipeda city municipality a model is created that

² Parents representing the total of almost 8500 children.

could be applied for the other pre-school education provision in the other municipalities in Lithuania as well as abroad (namely, CEE countries).

Design/methodology/approach: Based on the concept of *stakeholder theory* multilevel methodology is applied. The stakeholder theory is useful because it is based on the assumption that a organization does not serve only its founders, but should also address concerns of employees, suppliers and customers and even look at the benefits of other stakeholders. Stakeholders include local communities, political parties, trade unions and trade associations, potential customers, potential employees, governmental bodies, interest groups and others. The data for the analysis were collected using the conception of triangulation and using several sources: (i) quantitative survey of pre-school organization managers; (ii) focus group by interviewing NGO's representatives, politicians and public servants from the municipality.

1. The main reasons for citizen participation in the public services

Traditionally, the participation of citizens is associated with forms of political activity and citizen participation in political decision-making, while citizen participation in the administrative processes is less analyzed, and in particular the direct participation of citizens in the implementation of public policy issues, participating in public service delivery and quality improvement processes. Public administration in the context of citizen participation is defined as "interaction of citizens and administrators, concerned with public policy decisions and public services" (Callahan, 2007). In this sense, citizen participation is understood as having a direct impact on public policy creation and implementation, and citizens are regarded as an integral part of *governance* process, significantly influencing important decisions affecting the community (Roberts, 2004). Among scholars and practitioners (Baccara, 2006, Hirst, 2000; Pierre, 2000; Sorensen, 2002) the view is increasingly accepted that the management or *government* age is moving to a system of *governance* in which public authorities are no longer directly responsible for the provision of social services, and this feature takes the third parties, mainly non-governmental organizations (Eikenberry, 2007). The ideal management is defined as the one, which finds a balance between the rational and efficient provision of public services, and open and democratic process (Box, 1998). In the new model, the decentralization process is very important when innovative forms of horizontal cooperation between governments and civil society replace a strong state power. Polycentric decision-making model for supporting the idea of citizen participation in decision-making, first of all emphasizes the principle of interdependence, rather than hierarchy and subordination. The shift towards the new forms of government and citizens interaction is identified differently by authors: Wamsley and Wolf (1996)

indicate the idea of a democratic administration; Frederikson refers to the new trend in public administration as new public administration or neoinstitutionalism (Hansen, 1998), while Fox and Miller (1995) in the context of the post-modern ideas use the concept of discourse associated with less formal communication structures.

Many states' attempts to create management systems that are able to engage citizens and identify their needs of public services often have failed or have given unexpected results. On the scientific level such failure often is interpreted as shortcomings of today's representative democracy, which is unable to solve problems of the complex heterogeneous societies and interests, together offering the activation of citizen participation as one of the possible solutions. Implementation of citizen participation idea in public services is not an easy task. The experience of different countries shows that it is insufficient to establish legal measures to ensure participation in the proceedings, it is also very important that both- providers and users- would like to work together and would be motivated to improve public service quality. The participation is an essential part of democratization; however more active participation does not necessarily lead to more democracy. Legal possibilities of participation and expression are important and the abundance of formal procedures may be viewed as a supportive factor for participation, however, bureaucratization of participation is also possible, which means that the democratization is declared but not implemented.

Public service provider's task is to provide citizens the services they need. It is important that citizens (customers) could get rid of often-unrealistic expectations from the state and could actively participate in service provision. Service marketing researchers have recognized the important role of the client's participation in both private and public institutions; the participation influences the quality of service and productivity. Studies have shown that the active participation strengthens the user's skills to use the service, increases the probability that needs are being met, and helps to reach mutual benefits (Raipa, Petukienė, 2009: 55-58). However, the organization does not benefit from the participation of citizens if the organization and the recipients of the service are not ready to actively cooperate and exchange information. Despite the similarities of public and private sectors management models, the role of public and private service user is not the same. Public services are associated with specific properties, such as equal access for all on non-profit basis, stability, effectiveness, as a control measure, the possibility to improve the quality of service, ensuring the implementation of citizens' fundamental rights and freedoms. It is difficult to achieve a high level of citizen satisfaction with public services, because of differences in public service as of a nature of public goods, and because of different recipients' roles and expectations for the same service.

2. Citizens as participants in public services: the case of Lithuania

The most significant factor, which determines the participation of citizens in municipality government and public services, is legally defined possibilities of participation. Republic of Lithuania ensures for the citizens the opportunity to participate in the process of local governance and public services by national and international law: the European Charter of Local Self-Government, the Constitution of the Republic of Lithuania, Act of Local Self-Government, Public Information Act, etc.

In the context of citizen participation in the public services, the term "citizen" includes also those persons, who do not have citizenship of the Republic of Lithuania, but the law gives them some opportunities to participate in decision-making process (Viešasis, 2010: 203). In addition, the provision of public services is linked to the category of the population, rather than the institute of nationality. Persons, who do not have citizenship of the Republic of Lithuania, shall have the right to petition, complaints, and requests to participate in the activities of associations. This is particularly relevant in the municipalities, as permanent residents of the municipality, with a residence permit, are using both active and passive suffrage, i.e. they have the right to elect municipal council or to be elected to it.

Municipalities (in total 60) are responsible for the provision of public services for the people. Public services are provided free of charge or for a fee. Municipality organizes the provision of public services through the public service providers (budgetary and public agencies, municipal enterprises, joint-stock companies), by the establishment of new public service providers, or by the conclusion of public service contracts with individuals and legal persons. Municipalities has to continually look for ways and means of their statutory functions as efficiently as possible, taking into account the needs of local communities and the use of advanced economic methods. However, in spite of Lithuania's rather comprehensive regulatory options for public participation in local governance, few citizens are involved not only in social activities, but also in political processes. A small population activity trends through its statutory opportunities to participate in decision-making processes may be significantly associated with awareness of the local (municipality) dysfunctions. Research data shows that about a third (33 percent) of the respondents thinks that the information about the activities of the municipality or the eldership simply does not exist, while 43 percent of respondents receive it only upon arrival in the municipality (Savivaldybių administracijų, 2010:48).

The involvement of citizens as recipients of public services in the process of public service provision is not required as the implementation of the various quality models in state and municipal institutions. The democratization of public services significantly depends on the

individual efforts of local governments and on the opportunities created for residents to participate in various stages of public service provision and development. The positive trend is identified that the number of municipalities, implementing the quality management system instruments, all of which are somehow related to the improvement of the quality of public services and citizen satisfaction, increases. The usage of European Social Fund support significantly influences the growth trend. The most common Lithuanian municipalities select measures of quality management system as one stop shop principle, Harmonic Organization, Co-assessment model, the ISO 9001 standard.

One of the ways for citizens to participate in an organized provision of public services and quality improvement is the participation in non-governmental organizations. In 2011 the public opinion survey on voluntary regulations of Lithuania was conducted. The results showed that 34 percent of people are involved in volunteering and further 35 percent, who has never been involved in such activities, and would like to participate in the future, if they are offered. Even 40 percent of respondents complained about the lack of information about volunteering and a weak volunteering tradition through education in schools (Nevyriausybinij, 2011). Despite the positive attitudes of the people to participate in non-governmental organizations, local non-governmental organizations are included only in a few public services. The experience of EU countries shows that NGOs provide services with lower price due to lower costs of administration, in comparison with private and public sector companies; moreover, the members of communities, particularly the consumers of social services, accept and attract NGOs service providers than private and public sector companies. In Lithuania, however, NGOs in most cases are not taking part in service provision, and if employed, their market share is only about 20 percent at best, i.e. their services are not sufficient in the market. The development of their activities is interfered by non-separated funding support for NGOs from NGOs participation in public service provision. NGOs development activities should be targeted to the programming principle, strengthening the capacity of NGOs and training of personnel; therefore procurement of services should be held by using public contracts or concessions with NGOs (Savivaldybių organizuojamų, 2010:69).

Active participation of service users depends on the public service, people motivation and present alternatives to public service. Civil Society Institute already has been doing survey of people for four years in order to determine the civil power index: the general civil power, though not significantly, but has been rising since 2007: increased from 33.9 to 35.5 points. The survey of 2010 showed that most residents of Lithuania are willing to take actions to promote local problems that they face themselves or people of their environment: 19 percent of respondents said that they would take efforts to organize such activity and 55 percent indicated that would

contribute to local problem solving, but still 26 percent would stay away (Pilietinès, 2011). Thus, it is possible to assume that people are more interested in participating in areas, where their presence could influence someone to change the development of own quality of their life. In other words, people are more involved in public administration at all levels and in areas that directly affect the population in the form of various services. The studies confirm this assumption, because many people are involved in the three civic activities in Lithuania: donate to charity (56 percent), participate in environmental management works (50 percent) and participate in local community activities (34 percent) (Pilietinès, 2011).

The local government administrative-territorial units, named elderships (or elderates, *lith. seniūnijos*), have a significant impact on citizen participation in the promotion and coordination of local governance structures. In total there are 551 elderships in Lithuania, of which 450 rural-type and the remaining 101- urban-type (Petukienė, 2010:113). The Local Government Act since 2008 provides the possibility that the community residents of residential areas (one or more) can elect the community residential delegates, who are called *seniūnaičiai*. The main task of this delegate *seniūnaitis* is to take care of the community and represent the interests of the community in the municipality, and if necessary, in municipal authorities and local public bodies, operating in the territory. Many problems of the elderships should be solved on the basis of cooperation between *seniūnaitis* and elder (*lith. seniūnas*). Although official statistical data, counting the number of elected *seniūnaičiai* is not yet given, in 2010 the Ministry of Internal Affairs has made the research “Analysis of Local Government administrative structures” (2010:59), where it is noted that elderships have been established in most rural-type of elderships. Moreover, it is observed that many residents of rural areas are more involved in *seniūnaičiai* elections. They have their hopes for their community activities. In the view of this practice, the structure of local administrations should be improved in such a way that would create favorable conditions for local residents to participate in local activities. This is realized in two main ways: the establishment of small municipal authorities or territorial structural units of municipality administration. In large municipalities, the community is not active. The size of the territory has a direct impact on the people’s participation activity in the local governance. The smaller the area – the greater the probability to bring local residents together is. In order to make the community more involved in local affairs, it is suggested to establish elderships (elderates), which provide their service in a small area. Lithuania’s case presents the contrary arguments to Ebdon (2002) and Soos (2003) researches, regarding the impact of municipality/city size on the civic participation; this argues for a more detailed investigation of territorial administrative unit’s *seniūnaitijos* and evaluation

of opportunities, created at lower local government levels, as well as their impact on citizen participation activity.

It is noted that the municipal administrations of territorial structural units exist in most countries that have large municipalities (such as Portugal, Bulgaria, and Great Britain). In each country, they have specific historical names – quarters, parishes, city districts, and villages. The main advantage in the service provision is that the services are brought closer to the people, stronger relationship between the municipality and the community; more people have the opportunity to visit the local branch and join in affairs of their residence place. The structural territorial units are the alternative to municipality size reduction to smaller units. The municipalities, through the creation of territorial structural units bring their activities to the population and facilitate the development of local democracy.

However, it is worth noting that the establishment of the structural territorial units of municipalities is not sufficient factor for the activation of citizen participation. The real citizen involvement in local affairs largely depends on the staff's ability of local structures to employ a variety of citizens in the current decision-making or methods to improve public services, and how the efficiency of the citizen participation in the improvement of service quality is valued. The research results of the local administration directors and elders show that generally passive forms of civic participation are applied: the draft decisions are published and awaiting the assessment of the population (42 percent) or draft resolutions to be discussed with the population in public meetings (31 percent). (Savivaldybių administracijų, 2010:86). Although the elderships are the closest local structures for the community, the more active involvement forms of residents are very low, such as work with young people and older people's groups, citizens' initiative, promoting the various interests in drafting decisions, involving people in working groups and commissions. The elders are very skeptical about the involvement of residents in the functions of elderships and the activity of community delegates *seniūnaičiai*, suggesting that there is a shortage of initiative to look for the most diverse and effective forms of public participation at the local level. The main determined reasons for this are: inadequate legal framework, absence of reference material, lack of enthusiasm of the population, negative interaction dominates, when the citizens complain, but do not propose the salvation of the problem, lack of material resources, especially in the rural-type elderships.

In Lithuania the citizen involvement in public services at local level is a new idea and practice, which just has been started to be implemented, by applying the different tools of quality improvement, by training of local government staff, and educating the people about the main benefits of their participation and importance of addressing common issues. The mutual-citizens

and local government staff, confidence building has a great importance to the positive outcomes of participation too. It is appropriate to exclude a number of mutual confidence-enhancing policies:

1. Municipalities should examine the shortcomings and problems of citizen participation in public service quality improvement process and develop it in accordance with citizen participation in the process of public service strategies that would provide the monitoring of the dynamics of civic participation.

2. In order to have people satisfied with the public services received, it is necessary to determine the expectations of the community; and to promote cooperation between the elders and community delegate's *seniūnaičiai*, in order to strengthen trust *seniūnaičiai*. The communities need more possibilities and support for the community activity together promoting more responsibility to all community residents, participating in the salvation of problems.

3. To provide information in such a way that it could reach all the residents and make them be interested; to regularly provide information that could be easy accessible to residents; to present the examples of good practice of cooperation between municipalities and the people.

4. To enable the people themselves to ascertain that they are able to influence the quality of public services in the municipality. An effective measure would be the publicity of the appropriate examples of people/communities that have managed to find a solution, acceptable to all.

5. To organize more trainings for local government officials, politicians and residents, which are related to the methods of citizen participation and possible techniques to clarify and use the opinions and preferences of citizens in developing and evaluating the changes in service quality (Savivaldybių administracijų, 2010:105).

6. To encourage non-governmental organizations not only as an element of civil society, but also as full-fledged participants of the local public services market. At the same time it is necessary to note that NGOs also lack the skills to participate in the market of public services (skills of people, knowledge, resources, etc.). The municipality has to provide financial and technical assistance in the development of NGOs to provide public services.

3. Coproduction imperatives: battle for *kinderevolution*

Short pre-history. Pre-school education in Lithuania belongs to the independent competency of local self-governments. Klaipeda city municipality is an exceptional case among the total of 60 municipalities where for the first time in history (September, 2015) the total of

more than 2200 parents³ by signing a petition expressed their protest against being neglected in the provision of the service. The stimulation for active actions arose when the Klaipeda city council at the end of June (2015) approved the project (prepared by the local administration) changing the system of the pre-school education tax's calculation. Parents' dissatisfaction was caused, first of all, because of the withdrawal of the tax's reduction possibility in case of child's illness. The second reason for the dissatisfaction was caused by the process itself: none of the parental organizations' (parental NGOs) was involved in the municipal work group (it was the only one municipal work group that year, where parents' participation was (consciously or unconsciously) ignored). The protest, led and coordinated by the biggest parental NGO – the West Lithuania Parents' Forum (WLPF), resulted on the 27th of May 2016 when the Klaipeda city council (after a tough and hard work of all the stakeholders) approved the new (acceptable for all the sides) project of the pre-school education tax system. The process itself has got a title from local media as "*kinderevolution*".

The pre-school education system in Lithuania and in the Klaipeda city municipality.

According to the Law on Education (article 6, 1991, as last amended on April 2016), pre-school education is a part of non-formal education. According to the 7th article of the Law, "the purpose of pre-school education shall be to help a child satisfy inherent, cultural (including ethnic), social and cognitive needs". Despite the provision of pre-school education being an independent function of a municipality, the Law regulates the pre-school curriculum to be "prepared in compliance with the criteria of pre-school curricula approved by the Minister of Education and Science, shall be implemented by pre-school education schools, general education schools, freelance teachers or other education providers" (article 7 part 4). The ownership of pre-school education facilities (namely, kindergartens) according to the Law could be public (state's or municipalities') as well as private. According to the Law on Local self-government (article 6, part 8, 1994, as last amended on January 2016), "organization of pre-school education" is an independent function of any municipality meaning, thus, that all the 60 municipalities are able to organize the implementation of the function according to their own will (according to the national education standards, of course). There are 54 public (owned by the municipality) organizations, providing the pre-school education in the Klaipeda city municipality and 9 private organizations. Only 44 of the 54 organizations are providing the only pre-school and pre-primary education, the rest 10 are providing the mixed education services, integrating pre-school education in the broader

³ Parents representing the total of almost 8500 children.

scope of education services. The research, therefore, concentrates on the 44 public pre-school education service providers.

The main stakeholders and the main levels of the research. Bearing in mind the above described national and local systems of the pre-school education, we identified the main stakeholders of the research: (i) the owners of the public entities (namely, local council and local administration), (ii) the managers of these public entities (directors and their deputies for education in the kindergartens), (iii) parents, and (iv) parents' representing NGOs. Parents' participation in the co-production of the service, therefore, could be divided into several levels: the first level (*micro-level*) – participation in the co-production of the service in the kindergartens' (in the direct implementation of the service), the second level (*macro-level*) – participation in the co-production of the service at the municipal level (in the organization of the implementation of the service).

At the *micro-level* (inside each organization) parents are able to participate at different stages of the service provision: starting from the parents' committee at every single group in every kindergarten, then a representative from each of the committee is delegated to the parents' council (that should be formed in every kindergarten, as a part of self-management), finally, a few representatives from the parents' council are delegated to the organization's (i.e. kindergarten's) council. Such a structure of self-management should exist in every pre-school organization. The active participation in the process revealed, however, the existence of the triple folded situation: (i) the self-management structures are active and working (the parents themselves, however, say their voice in the top organizations' councils usually is in minority), (ii) parents actively participate in the parents' council not knowing about the abilities to be represented in the organizations' councils, (iii) parents do not know even about the abilities to be represented in the parents' councils (the later functioning only in "paper"). This leads to the problem that parents in some (or even most) of the kindergartens are hampered (by the managers!) from the participation in the service co-production.

At the *macro-level* (city's level) parents as members of local community (as well as all the rest inhabitants of the city), should have ability to participate in the decision making process. As it was mentioned above, participation has been patchy until recent. The main reason (one of the reasons) was the absence of a capable parental community (NGO) able to unite (first of all) parents and to represent them (secondly) as an equal stakeholder in all the stages of the decision making: at local administration (namely, in the work groups), at the respective Committee by the local Council, and finally, at the local Council itself.

The problems. The 8 months of the process revealed lots of different problems concerning parents' abilities to be involved in the co-production of the pre-school education service at local level. We identified these following problems:

- The first and the biggest problem is the patchy involvement of parents (as the main stakeholders) in the production of the pre-school education service both at the micro- and macro-levels.
- The second problem is the question of legitimation.
- The third problem is the skills (and readiness) of all the stakeholders to work under the conditions of parental participation.

Methodology. According the revealed two levels of participation, the research has been organized using the conception of triangulation and using several sources: (i) quantitative survey of pre-school facilities managers and active parents; (ii) focus group by interviewing NGO's representatives and the officials from the municipality.

For the quantitative survey, two overflowing questionnaires were composed: one for the top managers, the second for active parents. Both sides of the service provision were asked the same questions about (i) the abilities of parents to be involved in the different parts of the service provision and about (ii) the merits and demerits of parental involvement. The questionnaires were distributed by using the electronic means (specialized portal www.apklausa.lt as well as by e-mail, and by using the social network of the *WLPF*). We distributed the questionnaires to all of the 44 pre-school organizations and received 42 filled by directors of their deputies for education. Then we distributed the questionnaires to the active parents. Active parents, according our definition, are those who participate in the activities of the *West Lithuania Parents' Forum*. Meanwhile this NGO accounts for about 800 members (on the list). Not all of them are from the Klaipeda city (the Klaipeda city, though, could be treated headquarter of this NGO), not all of them have pre-school age children (finally, not all of them are truly active). The number of parents, suitable for the survey, thus, was reduced to some 130. We distributed 130 questionnaires and received 98 filled (returned 75 %). Results of the survey were calculated used the SPSS 22.0. For the comparison of the position of the top-mangers and parents the statistical mean was calculated.

The second part of the research was interview with a focus group. Our focus group was composed by 2 local council Committee members, 2 local administration officials, and 2 parents' NGO representatives. All of the participants were asked (i) to articulate their position on citizens' participation generally, (ii) to remember their emotions of September-October 2015 when the process of "kinderevolution" started, (iii) to reveal the merits and demerits of parents' participation, (iv) to reflect the experience gained through the process of "kinderevolution".

4. Research results.

4.1. The survey of the kindergartens' top managers and the parents.

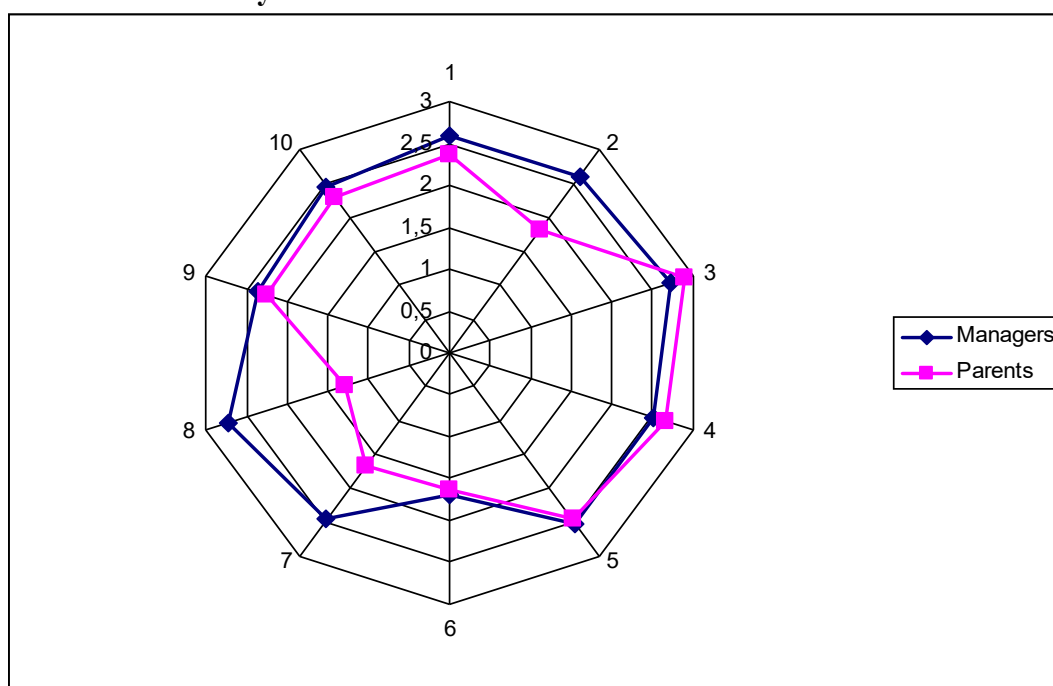
For the both of the respondents' groups the same questions about the involvement of parents were provided. In this paper we reveal the main three questions most actual for the topic.

The first question concerned evaluation of the parents' abilities to be involved in the different parts of the pre-school education service delivery (total of 10 positions). Table 1 presents the statistical averages (means) of the managers' and parents' answers, the Figure 1 presents these means in the form of radar graphic.

Table 1. Managers and parents assessment of abilities to be involved in pre-school education service delivery

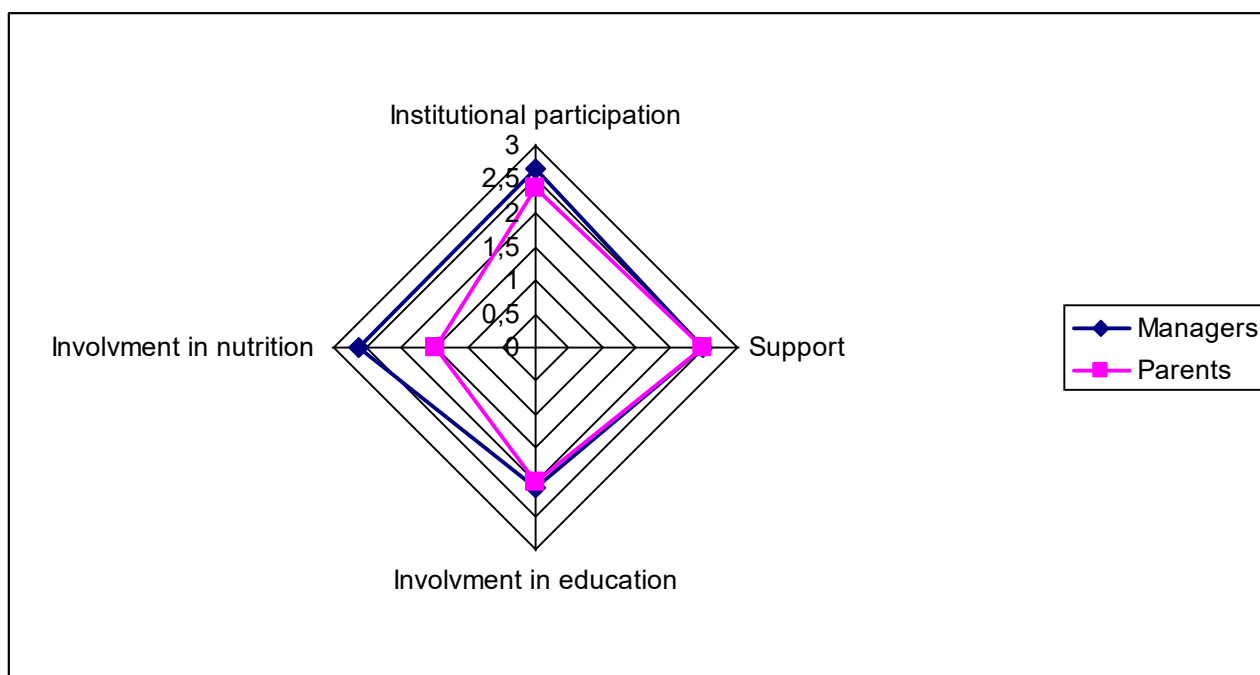
No.		Means (3 max.)		Percentage	
		1	2	3	4
		Managers'	Parents'	No participation abilities	Do not know about the abilities to participate
1	Parents' council	2,59	2,36	2,4	14,3
2	Kindergarten's council	2,59	1,82	6,0	36,9
3	Parents' meetings (in the groups)	2,74	2,89	0,0	3,6
4	Financial support	2,52	2,66	2,4	22,6
5	Organizational support	2,52	2,44	3,6	31,0
6	Creation of education programs	1,70	1,64	23,8	45,2
7	Menu composition	2,44	1,65	34,5	38,1
8	Preparation of meal	2,74	1,29	40,5	39,3
9	Care of environment	2,37	2,24	20,2	36,9
10	Ability to participate in teaching	2,44	2,3	17,9	45,2

Figure 1. Managers and parents assessment of abilities to be involved in pre-school education service delivery



As presented in the 1st table and in the Figure 1, it is obvious that parents evaluated the abilities to be involved in the service co-production lower than the top-managers of the kindergartens'. For the parents we provided a few additional answers' selection variants and it appeared that for some parts of involvement abilities parents indicated either the absence of the ability to be involved or the ignorance of such ability (see columns 3 and 4 in the table 1). The biggest surprise was to reveal that almost 37 % of the questioned parents did not know about their abilities to be represented in the kindergarten's council. This confirmed the premise that top-managers of the pre-school organizations are not willing to involve parents in the decision making process inside the organization.

Then we grouped the list of the service provision process in the four main parts: institutional participation, involvement in various support activities, involvement in education process, and involvement in nutrition process. The composite averages were calculated. These composite averages are presented in the figure 2 below.

Figure 2. Service coproduction ability according four indicators

The second and the third questions concerned evaluation of parents' involvement merits and demerits. Table 2 presents the statistical averages (means) of the managers' and parents' answers, the figures 3 and 4 present these means in the form of radar graphic. It is interesting to note that while evaluating the merits of parents involvement in the co-production of the service both parents and managers were almost unanimous (see the figure 3).

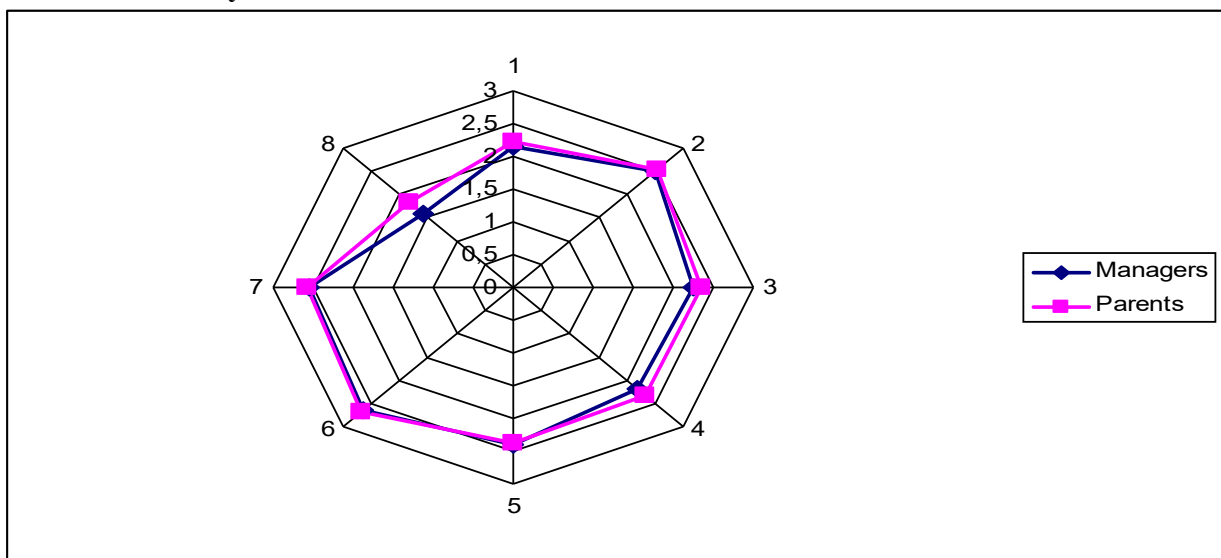
Table 2. Managers and parents assessment of parents' involvement of merits and demerits in service delivery

No.	Features of involvement	Mean (3 max)	
		Managers	Parents
Merits			
1	Better management of the service	2,14	2,23
2	Better satisfaction with the service	2,51	2,56
3	Effective and quick provision of service	2,24	2,35
4	Effective management of resources	2,21	2,34
5	Better satisfaction of the parents' needs	2,4	2,38
6	Better cooperation of parents and managers	2,66	2,7
7	Better information/communication	2,55	2,58
8	Reduction of costs	1,59	1,86
Demerits			
1	Potential loss for the organization	1,27	1,06
2	The resist from the employers	1,76	1,62
3	The loss of control in the organization	1,41	1,43
4	The potential problem of the active parents' accountability to the other parents	1,55	1,62
5	Impossible to satisfy all the expectations of parents	2,14	2,42

6	Complications in management of the organization	1,72	1,55
7	Unreasonable expectations	2,03	1,71
8	The lack of skills to work together	1,86	2,38
9	The stretch of time on decision making	2,0	2,03
10	It is more difficult to make a decision	2,17	1,9

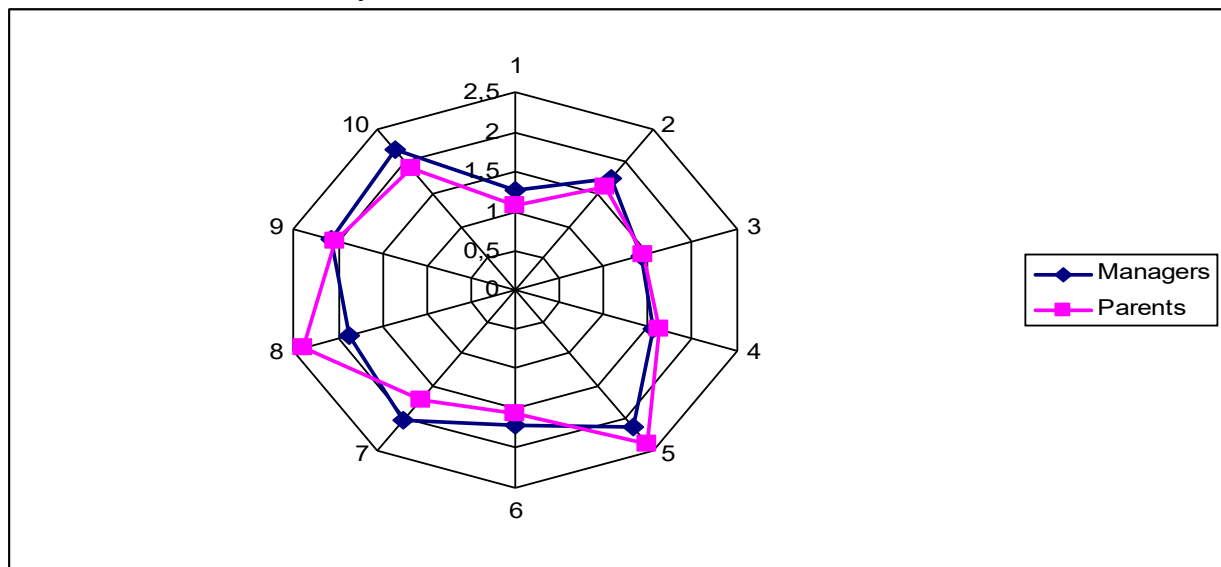
The majority of the surveyed managers noted that there are three main merits of parent’s involvement in coproduction. As the table 2 shows, better cooperation of parents and managers (2,66), better information/communication (2,55) and better satisfaction (2,41) of the parents’ needs were often mentioned as merit of parents’ involvement. Parents’ suggested two factors which were common with managers. Parents’ thought that better cooperation of parents and managers (2,7) and better information/communication (2,58) are main merits of involvement parents’ in coproduction. The third merit of parents’ involvement in coproduction was indicated – better satisfaction with service (2,56).

Figure 3. Managers and parents assessment of parents’ involvement of merits and demerits in service delivery



We tried to find out what are demerits of involvement of parents’ in coproduction (see table 2 and figure 4). As we can further in the table 2, both parents’ and managers agreed that the stretch of time on decision making (m=2,14; p=2,42) and impossible to satisfy all the expectation of parents (m=2,07; p=2,03) are the main demerits of involvement. Moreover, managers indicated that due to involvement of parents’ it is more difficult to make a decision (2,17). From other hand, the parents’ recognized that the lack of skills to work together (2,38) can be considered as main demerit of involvement in coproduction.

Figure 4. Managers and parents assessment of parents' involvement of merits and demerits in service delivery



Conclusions

From the discussion with the focus groups' members we made a conclusion that citizens' involvement still is in the embryonic stage while the politicians and local administration revealed to be understanding citizens' involvement as *political* participation but not as involvement in the co-production of services. NGO, contrary, revealed to be willing rather for the participation in the co-creation of service delivery (leaving all the political questions aside). This contradiction is a big obstacle for the creation of appropriate service co-production.

The results of this case study revealed these very obvious obstacles for the citizens' involvement in the co-production of services at local level:

- The *lack of clear (and really functioning) tools* for the involvement. Local administration usually uses very traditional (even, obsolete) means for the preparation of decision projects.
- When there is a lack of appropriate tools, *the question of legitimacy* is always on the tape: who should represent citizens on every different question?

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THE HOUSING POLICY OF RUSSIA

Liudmila Guzikova¹

Abstract

The objective of research is to suggest approaches and indicators to assess the effectiveness of housing policy taking into account various aspects of housing problem. This should allow comparison the results of transnational and transregional transfer of administrative models in housing. Under the Constitution of Russia, public authorities and local governments are required to encourage housing construction and create conditions for implementation of citizens' rights to housing. Specificity of the case of Russia consists of keen and large-scale manifestations of housing problem in combination with low solvency of inhabitants and significant regional heterogeneity.

ЖИЛИЩНАТА ПОЛИТИКА НА РУСИЯ

Людмила Гузикова

Резюме

Целта на изследването е да се предложат подходи и показатели за оценка на ефективността на жилищната политика като се вземат предвид различни аспекти на жилищния проблем. Това би трябвало да даде възможност за сравнение на резултатите от транснационалното и междурегионалното прехвърляне на административни модели при жилищната политика. Съгласно Конституцията на Русия, публичните органи и местните власти са длъжни да насърчават жилищното строителство и да създават условия за прилагане на правата за жилища на гражданите. Специфичната характеристика на случая с Русия се състои в интензивни и мащабни прояви на жилищни проблеми в комбинация с ниска платежоспособност на населението и значителна регионална нееднородност.

1. Introduction

Housing is a separate compartment, which is real estate suitable for permanent (and not only temporary) residence of a person, meeting the sanitary conditions, rules and regulations, the requirements of the law (Cherkovets, 2016:124). The right to housing is one of the social and economic human rights. Its foundations are enshrined in Article 11 of the International Covenant on Economic, Social and Cultural Rights, Article 16 of the European Social Charter and Article 31 of the Revised European Social Charter. Aspects of this right include: legal provision of residence; availability of services, materials, facilities and infrastructure; affordability in terms of

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costs; suitability for living; accessibility; location; adequacy in terms of culture. In Russia, the citizens' right to housing is enshrined in the Constitution.

The responsibility of the state for ensuring the rights and freedoms of citizens dictates the need for its participation in solution of the housing problem and regulation of housing relations, which is reflected in housing policy. According to the UN materials, the housing policy should determine the goals of housing sector development; resources available to achieve the goals, the most cost-effective way of using resources and responsibilities and terms for implementation of necessary measures (UN Habitat, 2002).

Though, as Angel, Mayo and Stephens Jr. (1993) mentioned, that even in centrally planned and formerly centrally planned economies, housing was viewed increasingly as a commodity with an exchange value rather than as a good to be produced and allocated outside the marketplace, in transition, the view of housing as an object of housing policy has changed significantly as well as the features of the subjects of this policy have changed.

The objective of this paper is to identify and substantiate approaches to effectiveness of housing policy assessing and to review their application opportunities for the study of housing policy in Russia.

2. Data and methods

The study examines the works of Russian and foreign researchers devoted to housing policy, normative and legal documents determining housing policy in Russia using logical analysis methods and methods of structural and dynamic analysis. The data of the Federal Service of State Statistics of Russia *www.gks.ru* and the section of the official site of the Federal Target Programmes on the Federal Target Programme "Housing" (FTP "Housing") <http://fcp.economy.gov.ru/cgi-bin/cis/fcp.cgi/Fcp/ViewFcp/View/2015/447/> are used.

3. Main provisions and results

3.1. Housing policy, housing relations and their subjects

The concept of "housing policy" in Russia appeared in the late 19th and early 20th centuries, when factories and plants began to be actively built. People who arrived to work at these enterprises, naturally, had no their own housing in the cities. Employees' demands for employers to provide them with habitable housing, and the struggle between employers and employees began to be called housing policy. Thus, initially, and up to now, housing policy is in a larger extent associated with the housing problem in the cities (Korneeva, 2016).

Malyshev et al. (2016) provide an overview of the concepts for "housing policy" in the works of contemporary Russian researchers. The "perceptual" approach prevails in the definitions cited in this book and other definitions found in the scientific literature, that is, the housing policy is determined mainly through its goals and tasks, mechanisms, properties, functions and other elements. It should be noted that there is no definition for the housing policy in the normative and legal documents of the Russian Federation. In order to determine the concept of housing policy for the purposes of this study the definition given by Akulich and Melnik (2016: 26) is used: "The housing policy is one of the directions of State's social policy, an important activity aimed at regulating living conditions of the population, meeting the basic need for housing."

As Sedugin (2003) points out, housing policy is implemented through housing relations, which include: a) relations on using a habitation; b) relations on providing accommodation for people; c) relations on the use of specialized housing; d) relations in the field of management, operation, maintenance of safety and repair of living quarters; e) relations arising in connection with the construction and acquisition of a residential house or part thereof; f) relations related to utilities and housing services.

Multidimensionality of housing relations dictates the complexity of housing policy goals in general and variety of ways to implement it. Housing policy reflects socio-economic conditions, as well as political, cultural, family-household and demographic characteristics of society development (Akulich and Melnik, 2016). From the standpoint of the goals, the important characteristics of housing policy are the extent to which the interests of the people with different income level are taken into account and their opportunities to choose the way to meet personal housing needs (Zhilkina, 2008). From the standpoint of mechanisms, housing policy is characterized by the conditions of interaction between various levels of state authorities and local self-government bodies and their interaction with other subjects of housing relations. Kosareva (2010) points out that housing policy includes legal regulation, budgetary and tax mechanisms used by state and municipal bodies to influence on housing relations, including financing and construction of housing, its maintenance, management, possession, disposal and applying.

For enlarged representation of target subjects of housing relations and, as a result, of housing policy, Rex and Moore (1967) laid the foundations of the housing stratification concept and introduced the notion of housing classes. Housing classes are segregated in space social and housing groups of population, competing for housing benefits, allocated depending on the income size and stability.

The concept of housing classes has been repeatedly criticized and at the same time repeated attempts have been made to distinguish housing classes on the basis of criteria more in

line with the realities of certain periods and countries. For example, Shomina (2010) used the criterion of the residents' rights and freedoms as the basis for the housing classes' separation. According to the chosen criterion the following groups listed in order of housing rights increasing were distinguished: a) homeless (shelter residents), b) squatters (invaders of empty housing), c) residents of dormitories, tenants, d) members of housing cooperatives, e) apartment owners in apartment buildings, f) owners of a private house, g) owners of an apartment buildings. Russian researchers Krotov, Buravoy and Lytkina (2003) use as a criterion the functional features of various types of housing formed in Russia at the beginning of mass privatization, and distinguish 4 housing classes consisting of inhabitants a) of elite housing (in apartment buildings and cottages), b) of apartment buildings (modern and wooden), c) of dormitories (modern and wooden), d) of individual houses (single-family and 2-4-apartment). There are known attempts to identify groups of Russian population which can be considered as generalized subjects of housing policy based on the size of housing and its livability (Gass, 2014; Dimova, Efimova, 2012).

3.2. Effectiveness of the housing policy

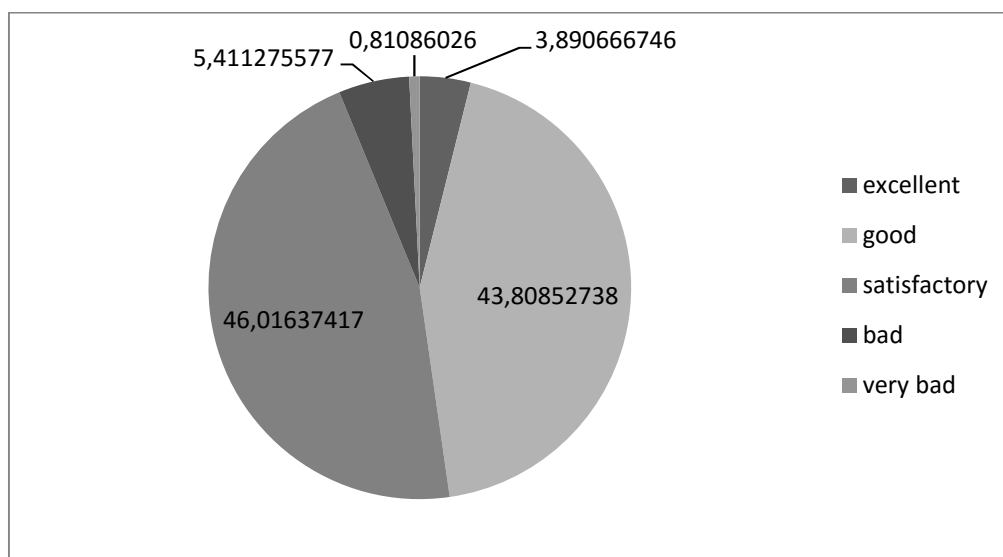
The effectiveness of housing policy can be assessed by a number of criteria that characterize it from different standpoints, complementing each other and considered in the complex.

1. Indispensable effectiveness

The key questions within this approach are "What does it result?" and "Whom does it benefit?" Despite the triviality of such criterion, its non-observance can in practice lead to unexpected consequences.

The housing problem in Russia is so acute that from the standpoint of the necessity criterion, any ways to mitigate it are absolutely reasonable, and the need for housing policy is beyond doubt. However, the questions about the circle of persons whose interests it represents and whose well-being is its priority should be answered clearly and unambiguously. Figure 1 shows the results of survey on satisfaction with housing situation conducted in 2014. It is evident that more than half of population does not consider their housing situation to be good or, moreover, excellent.

Figure 1. Satisfaction with housing situation in 2014, %



Source: *www.gks.ru*

The relative size of the population groups that consider their housing conditions satisfactory or bad is positively correlated with the number of children in the family and has an inverse correlation with the level of income. Akulich and Melnik (2016) write that the level of housing provision is largely related to such serious problems of Russian society as the quality of life, health of population, family problems, fertility decline, comfort and well-being of Russian citizens, and the demographic situation. It should be noted that the total area of residential housing, an average per resident of Russia, is not sufficient for normal livelihoods. In 2015 it averaged 24.4 square meters. This is much lower than in Europe and the United States.

The quality of housing stock in whole does not correspond with contemporary standards and conception of housing (Table 1) and this side of housing problem should be considered by housing policy.

Table 1. Proportion of housing stock equipped for various types of utilities in 2015, %

Type of utility						
water	sewerage	heating	bath/ shower	gas	hot water	electric stoves
81	77	85	69	67	68	22

Source: *www.gks.ru*

It is customary to distinguish active and passive housing policies which differ by the methods of the authorities' influence on the housing development:

- with passive policy, the state creates legal and institutional conditions for the development of market factors forming and improving the housing sector ;
- with active policy, an obligatory condition is the availability of a state housing stock and the functioning of public housing organizations..

The housing policy pursued in Russia is focused on institutional changes in the housing sector. In 1992, an active privatization of the housing stock started, as the result today the people own more than 80% of the housing stock, and most of the housing stock requires modernization, improvement or repair. The growth of tariffs for utilities made the burden of privatized housing maintenance unbearable for a large part of the population. To preserve social stability, the state was forced to provide subsidies and social support to citizens for public utilities payment. As a result, formally the population that privatized the housing lives in a private housing stock, and in fact the maintenance of housing and the supply of communal services are subsidized, that is a feature of the social housing stock. As well, rights for housing have become hardly implementable for the vast majority of families due to public housing construction curtailment and low incomes of the population majority, which does not allow becoming active agents of the housing market.

In parallel to the process of privatization, the process of municipalization of residential buildings goes on, that is, these buildings are transferred from the ownership of departments and organizations to municipal property. In most municipalities, the administration does not seek to take departmental housing and utilities facilities into ownership, avoiding responsibility, since it does not have sufficient funds to maintain it.

Omarova (2015) asserts that degradation of housing construction, in a number of regions results in marginalization and lumpenization of society, because the active part of the population leaves such areas. In this regard, recent approaches to the management of housing policy emphasize the shaping role of not economic (market), but political factors. Policy in the housing sector, in particular, should be based on elements not only of system management, but also of self-government. The experts reasonably state that the quality of life and human development should be the criteria of the public administration effectiveness. This imposes new demands on the housing policy management, requires the creation of not only a quality and affordable housing, but also a quality residential environment.

To achieve positive results when implementing any foreign model of housing development, it is necessary to keep the continuity of national circumstances, excluding the mechanical transfer of mechanisms used in other countries. Being a state with a large territory, diverse natural and climatic and significantly varying socio-economic conditions, Russia should take into account regional conditions while working out the housing policy (Zhulkova, 2014). The

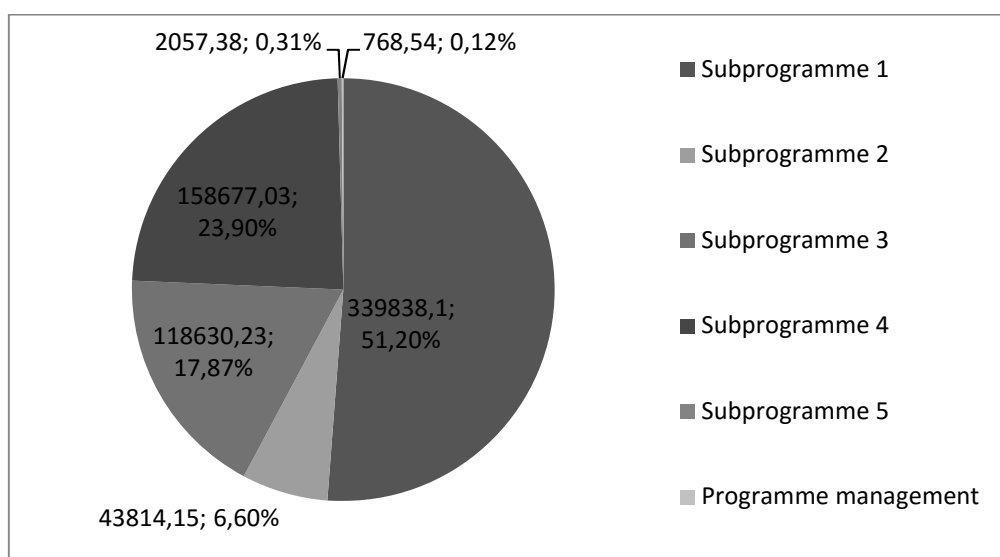
situation in the housing sector in a number of Russian regions is regarded by the researchers as a crisis. This necessitates the search, intensive development and implementation of the most efficient approaches for social and economic policies in the housing sector.

2. Plan Realization

It is customary to use indicators characterizing the extent of planned or forecasted tasks fulfillment to assess activities effectiveness, that is, the "fact / plan" ratio is used as a measure. The implementation of housing policy in Russia is dominated by a program-targeted approach (Slizh, 2015). FTP "Housing" was launched in 2002 as a implementation mechanism for the priority national project "Affordable and Comfortable Housing for Russian Citizens". FTP is focused at forming an economy class housing market that would be accessible to most citizens of the country, to eliminate the lack of eco-friendly and comfortable housing, to stimulate demand for housing and improve the quality of Russia's housing stock (Decree of the Government of RF, 2001). In 2010 FTP was prolonged till the end of 2015. After that, the Government decided to extend the program for next five years - until 2020 inclusively (Decree of the Government of RF, 2010).

The total financing of the FTP in 2015-2020 is equal to 663.79 billion rubles, including 341.17 billion rubles from the federal budget, 101.89 billion rubles from subfederal and local budgets and 220.73 billion rubles from extra-budgetary sources.

The recent version of the FTP "Housing" includes five subprogrammes: 1) "Providing housing for young families", 2) "Stimulation of development programmes for housing construction in the subjects of the Russian Federation", 3) "Fulfilling state obligations to provide housing for categories of citizens established by federal law", 4) "Modernization of public infrastructure facilities", 5) "Providing housing for certain categories of citizens".

Figure 2. FTP “Housing” Financing structure in 2017-2020, million rubles.

Source: <http://fcp.economy.gov.ru/cgi-bin/cis/fcp.cgi/ViewFcp/View/2015/447/>

The FTP establishes a number of target indicators listed below in Table 2. Assessment of the Programme effectiveness as a whole and in separate directions is made by comparing the actual values of the target indicators with the planned values. According to the effectiveness assessment method the assessment should be made as follows:

- if the actual values of the indicators are more than 90 percent of the planned values, the effectiveness of the Programme implementation is assessed as high;
- if the actual values of the indicators are from 75 percent to 90 percent of the planned values, the effectiveness of the Programme implementation is assessed as satisfactory;
- if the actual values of the performance indicators are less than 75 percent of the planned values, the effectiveness of the Programme implementation is assessed as low.

In Western European countries, the most common methodology for analyzing targeted programs effectiveness is the "priorities - goals - means - results" approach. This methodology applied for analysis of the FTP "Housing" implementation in the regions of Russia by Slizh (2015), made it possible to conclude about the "failure" of almost all the expected results of the Programme for the period from 2003 to 2009 and led to the conclusion about the unevenness

Based on the nature of the FTP goals, objectives and activities as well as the results of the housing policy implementation, three phases of housing policy implementation in the Russia were identified: ultra-liberal (1993-2002); project socially focused (2003 - 2009); correctional (2010 - present) (Slizh, 2015).

By 2020 the indicator of a total housing area per person is planned to be increased to 28-35 square meters. The level of settlement in living area should meet the requirement that the

average number of rooms in actually occupied housing should correspond to the average number of persons. Planned reduction of the cost for 1 square meter of housing should constitute 20 percent by 2018 by increasing construction of economy-class housing. It is planned to increase the proportion of citizens able to purchase or rent the appropriate housing in the market or to build individual housing through their own and borrowed funds.

3. Target & Implementation effectiveness

The effectiveness of management includes two independent aspects. The first is the target effectiveness or effectiveness of goal-setting, reflecting the correctness of the goals choice and setting. The concept of target efficiency reflects the adequacy of the assigned tasks to the actual needs of society. The problem is the difficulty in applying quantitative criteria to the evaluation of the target effectiveness, but qualitative characteristics can be used. The second is the implementation effectiveness, reflecting the quality and extent of the set goals achievement. The integral (including the correctness of the goal-setting and the accuracy of the implementation) is the overall (or integral) effectiveness. Hence, the integral effectiveness can be increased by increasing both the target and implementation effectiveness that is, improving both the quality of planning and the quality of execution.

Criteria of target, performance and integral efficiency can be represented by the following formulas:

$$\text{Target effectiveness} = \text{Targets} / \text{Needs}$$

$$\text{Implementation effectiveness} = \text{Achieved results} / \text{Targets}$$

$$\text{Integral effectiveness} = \text{Achieved results} / \text{Needs}$$

The indicator of integral effectiveness can be represented in the form of a factor product of the target and implementation effectiveness indicators

$$\begin{aligned} \text{Integral effectiveness} &= \text{Results} / \text{Targets} * \text{Targets} / \text{Needs} = \\ &= \text{Implementation effectiveness} * \text{Target effectiveness} \end{aligned}$$

The total number of families in Russia is about 50 million. According to the above data, 6% of the population estimates their housing as bad or very bad that corresponds to 3 million families. The proportion of families assessing their housing conditions not higher than satisfactory is equal to 52%, that is, over 25 million families.

Target indicators of the FTP “Housing” and their fulfillment level are shown in the Table 2. In accordance with the target indicators, by 2020, the number of families should improve their housing conditions under the FTP constitutes 7.17% of those who assessed their housing as bad or very bad, or 0.86% of the number of families who rated their housing no higher than satisfactory. Thus, the target efficiency of the program is clearly insufficient to solve the housing

problem in the foreseeable future. The data shows the low level of achievement for all indicators except the construction volume in 2016. The level of implementation effectiveness lowered significantly compared to previous year, and it will be difficult to compensate the backlog within the term of the Programme. Low level of implementation effectiveness, in combination with the low target effectiveness produces low integral effectiveness.

Table 2. Target indicators and implementation effectiveness of FTP “Housing”

№	Indicator	Measure	Expected result	Plan/fact	2015	2016	Implementation effectiveness. %	
							2015	2016
1.	Total number of families, improved their housing situation under FTP	Thousand families	215,24	plan	23.48	32.81	100	64,25
				fact	23.48	21.08		
2.	Number of young families, received social payment certificates for housing acquisition (construction)	Thousand families	150,38	plan	15.81	23.81	100	55,77
				fact	15.81	13.28		
3.	Proportion of young families, provided with housing under FTP in the total number of young families in need of improving housing situation as on January 1, 2015	%	40,1	plan	4.2	6.3	95,24	55,56
				fact	4	3.5		
4.	Housing construction under Subprogram 2	Million square meters	6,42	plan		1.1		336,36
				fact		3.7		
5.	Number of belonging to categories established by federal legislation, improved housing situation	Thousand families	53,93	plan	5.75	6.84	100	96,35
				fact	5.75	6.59		
6.	Proportion of belonging to the categories established by federal legislation, provided with housing, in total number of belonging to these categories in need to improve housing situation as on January 1, 2015	%	18,3	plan	2	2.3	95,00	96,96
				fact	1.9	2.23		
7.	Number of families, improved housing situation under the subprogramme 5	Thousand families	10,93	plan	1.92	2.16	100	56,02
				fact	1.92	1.21		

Source: composed by data of official website Federal Target Programmes of Russia <http://fcp.economy.gov.ru/cgi-bin/cis/fcp.cgi/Fcp/ViewFcp/View/2015/447/>

4. Relative effectiveness

Relative effectiveness (or ineffectiveness) means compliance with standards, world best practices, or contemporary average level. The usefulness of relative effectiveness assessment depends on the use of reference base. Comparison can be useful if and only if the indicators under comparison are calculated by the same method. Analysis of relative effectiveness can be carried out both in general, and by separate directions and factors.

In October 1990 United Nations Centre for Human Settlements (Habitat) and the World Bank has initiated jointly the Housing Indicators Program. This program uses the collection of data structured in five sections (UN Habitat, 2010): 1) the Property Rights Regime; 2) housing finance regime; 3) housing subsidies regime; 4) residential infrastructure; 5) regulatory regime.

At present, Russian state statistics do not provide sufficient range of data to ensure the completeness and comprehensive characterization of housing policy. In particular, the sector of rental housing remains unheeded, though the need for rental housing is currently growing all over the world. Baltina and Kirillenko (2014) proposed 10 indicators characterizing the rental sector to widen the statistics on housing. Starting in 2013, data on the Russia's housing sector does not cover the full range of owners, which violates the temporal comparability of information. There is no uniform methodology for collecting and recording information on the housing sector in the subjects of federation. Comparison with the statistical data of foreign countries is also difficult due to the mismatch in the set of indicators and the methodology for calculating them.

5. Development effectiveness

Chosen development direction and innovative nature of decisions within the housing policy can be used as base for its assessment. Such an approach essentially depends on the correctness of the development vector and is subject to the danger of substitution of necessary changes by the transformations as the end in itself, whereas in many social processes the sustainability should be regarded as main goal of development.

All market institutions introduced in Russia and the transformations carried out in connection with their introduction can be considered as innovative. However, planning of reforms was often carried out without proper scientific substantiation, without analysis of alternatives, without developing mechanisms for the practical implementation and analysis of the progress and the outcomes. This makes it impossible to confidently assess the correctness of the development vector. For example, the institution of mortgage was transplanted to Russia from the US without taking into account the difference in the social and economic situation, without careful comparison of alternative options, without any adaptation plan.

The Government Decree on the FTP "Housing" extension states that, until the date of its issue, transformation of housing relations towards market principles had no positive impact on the social problems of the long-term development in the field of housing provision and realization of the constitutional rights for housing (Government Decree, 2010).

Large scale of the housing problem in Russia requires joint efforts of the state, financial, social and real sectors of the economy, which supposes their involvement in housing policy to ensure the coherent and consistent activity of the housing construction, construction materials industry, residential developers, financial and credit institutions. It is necessary to develop a mechanisms and measures for interaction of the economic sectors (Zhulkova, 2014).

6. Challenge effectiveness

Challenge effectiveness determines the accuracy, adequacy, speed and clarity of reactions to the challenges of the environment and the arising problems. Challenge effectiveness reflects the ability of the system to remain stable and to resist the influence of crisis factors.

Russian housing policy demonstrated its low challenge effectiveness as the reaction on financial crisis of 2007 that began as mortgage crisis in the USA and resulted to the deep mortgage crisis in Russia. It worth mentioning that post-crisis recovery has occurred in short time. Matveeva (2016) thinks that Russian housing market is a very vulnerable, which has become especially evident at the moment. Hence, housing policy based on market principles is also vulnerable and can't serve as an instrument of sustainable social and economic development.

4. Conclusions

The implemented analysis allowed drawing the following conclusions:

1. Housing policy is tightly related to the socio-economic development of the country. On the one hand, the achieved level of social and economic development dictates the goals and objectives of housing policy, determines its main directions. On the other hand, housing policy affects the living and working conditions of people, thus determining the level of development of the economy and society.

2. To develop an effective housing policy, it is necessary to correctly identify and distinguish the subjects of housing relations, whose interests should be taken into account. An analysis of the criteria proposed by Russian researchers as a basis for distinguishing "housing classes" shows that the formally identical levels of citizens' rights and freedoms are realized by housing that significantly differ in its type and quality.

3. Russia uses a program-targeted approach to the development and implementation of housing policy, in which indicators of implementation effectiveness play the leading role. The main objects of the transfer in the field of housing policy in Russia had become the ownership relations and its structure and financing mechanisms used without proper preliminary study. The Federal Target Programme "Housing" is aimed at solving the most acute, urgent and pressing tasks in the housing sector. The experience of its implementation, accumulated from 2002 to the present, does not allow characterizing it as a successful tool for housing problem solving.

4. To assess the effectiveness of housing policy, a set of approaches should be applied in complex, including indispensable effectiveness, plan realization, target and implementation effectiveness, relative effectiveness, development effectiveness, challenge effectiveness. To improve the housing policy in Russia, it should be formed taking into account the assessment from all these approaches' standpoints. A prerequisite should be a clear indication of the goals and priorities of housing policy, their linkage with resource support. From the tool for solving the most acute, urgent and pressing tasks, housing policy should become an instrument of integrated social and economic development.

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TRANSFER OF MODELS IN THE RENEWABLE INDUSTRY OF BULGARIA

Maria Kotseva-Tikova¹

Abstract

The green economy arises as a priority in the debate for modern world policies establishment during the last decades. In the context of the Bulgarian accession to the EU the green activities became modern and discussed widely. The EU legislation in respect to environment protection of waters, air, waste, biodiversity, etc. was adopted. The national renewable policy is also a result of EU directive requirements implementation. The report examines the Bulgarian green economy development in the context of EU policy transfer in renewable energy development, incl. financing through different programs. It evaluates the results in respect to the environmental quality and renewable capacity installation and energy production.

ТРАНСФЕР НА ЕВРОПЕЙСКИ МОДЕЛИ ВЪВ ВЕИ СЕКТОРА НА БЪЛГАРИЯ

Мария Коцева-Тикова

Резюме

Зелената икономика възниква като приоритетно направление в дебатите за политиките в света през последните десетилетия. Идеите за развитие на зелени отрасли и дейности в България се налагат във връзка с присъединяването на страната към ЕС. Транспонира се европейското законодателство за опазване на компонентите на околната среда – води, въздух, отпадъци, биоразнообразие и за интегриране на политиките за опазване на околната среда в другите политики. Националната политика за разширяване приложението на ВЕИ също е резултат от изпълнение на директиви на ЕС. Докладът разглежда развитието на зелена икономика в България в резултат на трансфера на политиките на ЕС, вкл. предоставено финансиране чрез фондове на ЕС и свързани програми. Оценяват се постигнатите резултати във връзка с качеството на околната среда и производството на енергия от ВЕИ, в контекста на ползата от трансфера на еко политики.

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Introduction

Over 200 years the economists have been examining the possibilities for permanent growth and the sources that can fuel it. Since the industrial revolution when the production has increased rapidly, the research has been orientated towards defining the growth limits. The ecological problems have increased parallel with the abrupt economic development leading to concerns how to evaluate and stimulate future growth rate.

In the present report the author adopts the idea for green growth and even agrowth, i.e. indifference to GDP index, in order to identify and evaluate the policy impacts upon the renewable energy production in Bulgaria. The results from policy transfer are analyzed and the relation between them and the opportunities, which the green economy offers, as greenhouse gas emissions reduction and energy dependence improvement, are studied as instruments for stable economic development.

1. Green Policy in Bulgaria

Different theories prescribe approaches for a more sustainable and ecological development path. Growth opportunities could be seen in the green economy paradigm. The World Bank World Bank, 2012) describes green growth is a change in production and consumption – from polluting and ecologically unstable model towards stable. Green growth strategies could bring environmental and economic benefits, but they cannot be accepted as a universal medicine for economic troubles treatment. In short-term they create costs, but in the long-run they establish advantages and sustainable development.

Different theories try to motivate a growth policy, including green or degrowth, as van den Berg develops a third option "green agrowth" (Van den Bergh, J., 2015). He thinks that such an approach will increase the economic stability and will decrease the economic crisis probability. It can help to better understanding of the climate policy, which is vital, but related to decrease of growth. The intense climate restrictions will influence the carbon intensive industries, which are technologically intensive and as a result the economy growth rate will be lessened. In practice such an approach criticizes the green growth, as well as the degrowth, which does not give answers to important ecological problems. The development of renewable energy sources is seen as an important solution for ecologic problems with significant economic benefits.

As a member of the EU, Bulgaria has to adopt all the regulations and obligations concerning renewable energy production. The country has elaborated an Energy strategy for 2020 describing the main ways for development of the energy sector with emphases on renewable energy sources (RES) deployment and energy efficiency measures implementation. It prepared a National

Renewable Energy Action Plan (NREAP) concerning the pathway for the fulfillment of the national target, as defined in the Directive 2009/28/EC. It was elaborated in correspondence with the Directive and adopted in January 2013. The NREAP aim is to have a 16% share of RES in the final energy consumption and a 10% share of renewables in transport in 2020. The compulsory character of the national RES obligation requires each member state to declare its achievements every 2 years.

The green energy production development in Bulgaria could be divided in two periods, which describe the policy for renewable energy sources (RES) increase, namely:

- First period from 2007 till 2012;
- Second period after 2012.

During the first period the European policy for RES encouragement has been introduced into the country legislation, as well as establishment of mechanisms to stimulate the renewable investments. The policy approach is liberal in respect to the investment projects requirements, accompanied by feed-in tariffs and obligation for renewable energy purchase. As a result there were two peaks in the installed RES capacities – in 2010 and 2012. The period coincides with the first programme period from the accession of Bulgaria to EU, provision of grant financing, obligation for development of a National Renewable Energy Action Plan, as well as municipal Renewable Energy Plans. For a three year period (2007 – 2009) investors, financial institutions and regulating agencies have entered into the problems and peculiarities of the RES. The period is described by a loose regulation in respect to the projects eligible for feed-in tariffs, as well as lands that are allowed for energy generation. The lack of information, double financing and political dependence of the energy regulator are part of the factors which induced project realization, particularly photovoltaic systems (PV) in 2012, but in a way that differs significantly from the planned trajectory in the NREAP.

During the second period the renewable policy has become more restrictive because of the energy price problems and the pressure upon them as a result of the newly established capacities from 2012 in addition to the existing energy discrepancies. There was a try for political solution of the industry deficit. The Law of the State Budget for 2014 (LSB-2014) envisaged a fee of 20% for the producers of wind and PV energy, which was abrogated by the Constitutional court. The execution of the national renewable energy aim ceased the practice of feed-in tariffs, long-term contracts and priority of energy capacities integration in the electricity grid. The preferential conditions remain only for the following energy objects (Article 24 of LERS):

- with total installed capacity up to 30 kW including, which are envisaged for realization on roof and facade constructions of integrated into the electricity grid buildings and real estates in them in the urbanized territories;
- with total installed capacity up to 200 kW including, which are envisaged for realization on roof and facade constructions of buildings for production and storage activities integrated into the power transmission and distribution grids in the urbanized territories;
- with combined cycle and indirect usage of biomass, which are envisaged to be established in the urbanized territories, agricultural objects or production arias and have installed electricity capacity up to:
 - a) 1,5 MW and use biomass, from which the animal manure is not less than 60% from the total weight ...;
 - б) 500 kW and use biomass of plant residuals from the own agricultural production.
- with installed electricity capacity up to 1.5 MW including, for hydroelectricity production.

This second period starts the process of prioritization of the decentralized production, which should have been the main national aim since 2007.

The random and poorly managed national policy brought the overfulfilment of the engagements of Bulgaria in the sector without additional benefits, which RES could have created beyond the energy generation, namely diversification of portfolio of sources in terms of price and risk, development of technological and innovative sectors, employment creation, and greenhouse gas emissions decrease.

2. Green Investments

In Bulgaria there are significant investments in ecological technologies and in the RES usage during the years before and after the country integration into the EU. For the period 2009 -2012 the financial flows amount at euro 4 milliard (BPVA, 2014). Mainly external stimuli such as international agreements and EU membership have encouraged the renewable investments on the national level. On the micro level the driving forces are the availability of feed in tariffs for such energy and the grant financing through national, European and international programmes.

For the period 2007 - 2016 there are 2 105 RES objects that have been put into operation, which represents 92% of the totally realized objects (table 1).

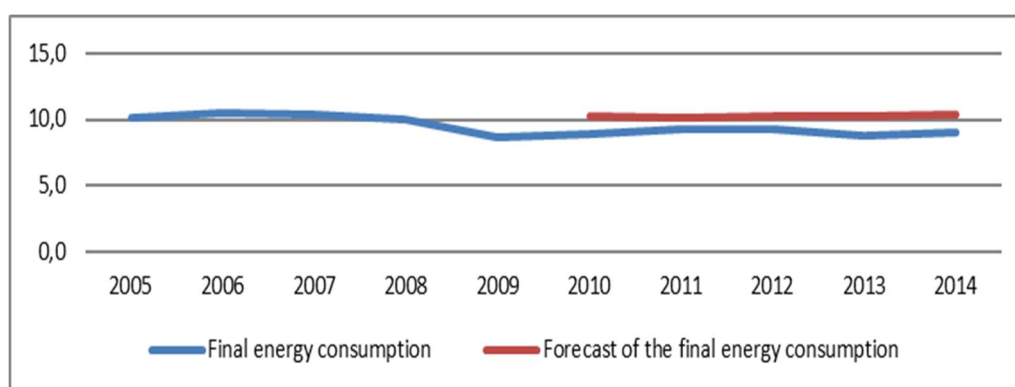
Table 1 Total Number of RES Objects, Put into Operation During the Period 2007 – 2016

RES	2007-2012	2013-2016	Total till 2016
Wind energy	155	15	193
Hydro power energy	88	35	265
Solar energy	1 370	405	1 776
Landfill gas	1	0	1
Biomass	5	24	29
Gas from waste water treatment	2	0	2
Gas from RES	0	5	5
Total	1 621	484	2 271

Source: data by ASED <https://portal.seea.government.bg/#> /last visit 16.04.2017/

About 71% of the total renewable projects are realized during the first period, as they present 1 888 MW capacities. The share of the PV objects is over 84%. The abrupt increase is due to the preferential prices for PV energy with declining investment costs for such systems. In 2016 only 4 new hydropower stations and 19 PVs were realized, as at the end of the year the number of the operating objects were 2 271. About 1 105 MW were put in operation just in 2012 or 26% of the total available capacities in 2016 - 4 186 MW, which generated 7 027 107,8 MWh electricity. The renewable electricity production is about 16% of the gross electricity generation in 2016, as about 9% is the hydropower share and the rest is produced by PVs and wind farms. For a six year period (2007 – 2012) 45% of the alternative energy capacity has been installed, as during the next 4 years it has been added under 4% from the available capacities at the end of 2016. Such development brings the achievement of 16% share of renewable energy in the final energy consumption in 2012, which result exceeds the mid-term target of Bulgaria for this year and allows the realization of the national aim till 2020.

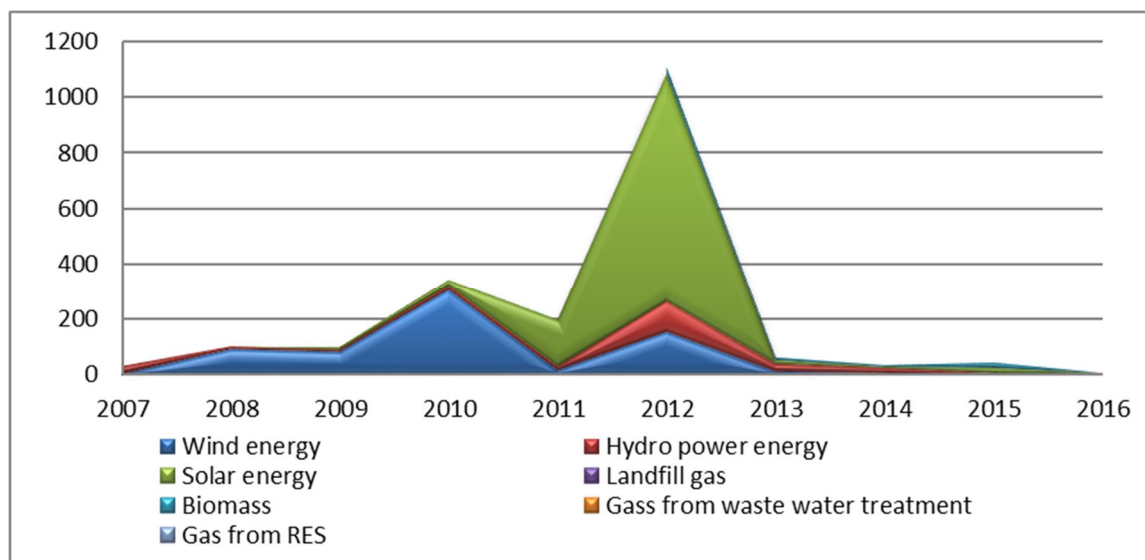
The fulfillment of the 2020 target is due not only to the increase of the renewable capacity but also to the decrease of the final energy consumption in Bulgaria (Figure 1).

Figure 1 Final Energy Consumption (mtoe)

Source: Eurostat, June 2016, Energy datasheets: EU-28 countries; NREAP of Bulgaria

In 2014 the decrease of the final energy consumption was about 13% compared to the base 2005. The process of new RES capacities installation in the country for the period 2007 – 2016 could be seen on figure 2:

Figure 2 RES Capacities Put into Operation during 2007 - 2016 (MW)



Source: data by ASED <https://portal.seea.government.bg/#/> last visit 16.04.2017/

The oldest and well known green technology in Bulgaria is hydropower. Since 2000 there have been annual additions of new capacities with the highest investments during 2011-2012, when 109 MW were integrated. Such capacities are necessary not only to satisfy the compulsory aim for RES share in final energy consumption but also for the flexibility of the hydropower generation and its important function to be a reserved capacity for the variable energy sources like wind and solar energy.

The period 2011 – 2012 is beneficial for investments in other types of alternative energy sources. The wind energy reached a second peak of additional 135,5 MW. The most favorable period for new wind farms was 2010, when 302 MW capacities were put into operation. In 2011 the first technologies for biomass energy generation were established. They have a trend of installation similar to the other RES and in 2012 new 23 MW were installed, as a second peak was observed in 2015.

In 2012 the growth of PV systems installation in the country was unprecedented, as well as the increase of biomass. In 2012 PVs turned to be the dominant investment and during that year

new 819 MW were added. As a consequence the country entered the world top 10 countries (table 2).

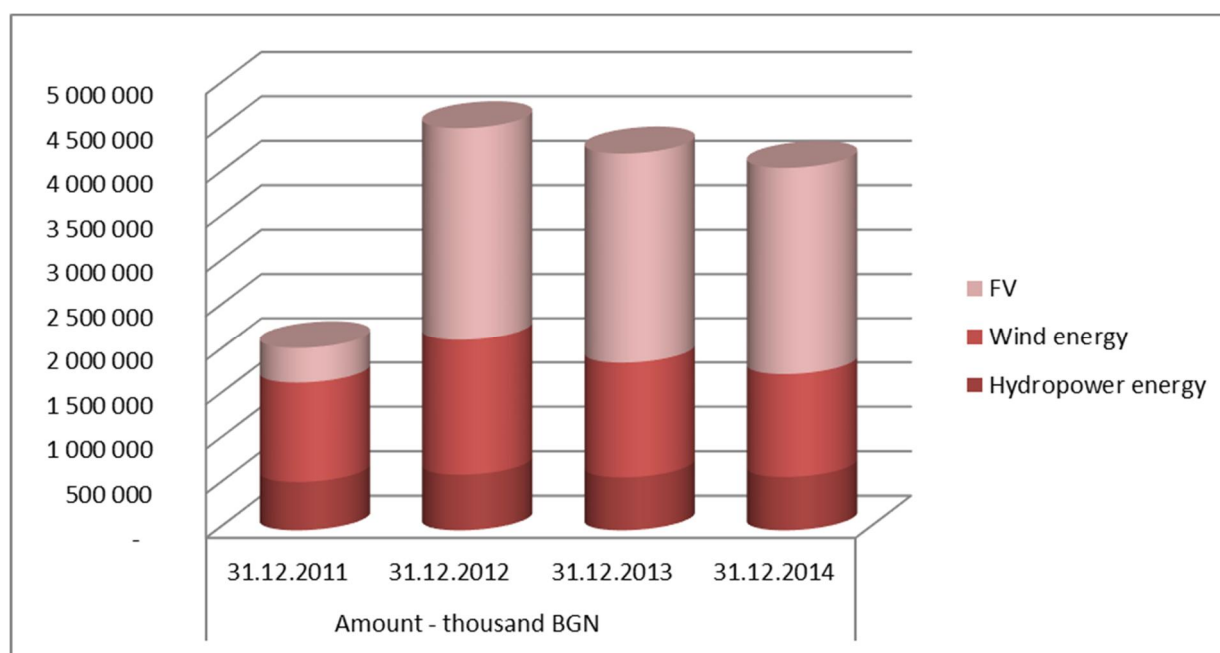
Table 2 Top 10 Countries with Installed PV Capacities

	2012	2013	2014
1	Germany	China	China
2	Italy	Japan	Japan
3	USA	USA	USA
4	China	Germany	Great Britain
5	Japan	Italy	Germany
6	France	Great Britain	France
7	Australia	Romania	Korea
8	India	India	Australia
9	Greece	Greece	South Africa
10	Bulgaria	Australia	India

Sources: IEA, 2015. Kew world energy statistics

During the next years Bulgaria did not reach such levels of PV penetration, but it has decreased the newly installed capacities. In 2012 the peak of PV installations accompanied by intense integration of other green technologies helped Bulgaria to produce 16% renewable energy, which is the national aim for 2020. The fulfillment cancelled the stimulation of this energy through feed-in tariffs, and the only exceptions that retain a preferential treatment are the roof and facade installations in properties, connected to the electricity grid, as well as biomass and small hydropower stations. The change of the policy of RES support has decreased the investors' interest during the next years. The renewable benefits cancelation lowered the newly installed capacities which trend has been observed since 2015. At that time no wind farms and only few hydro capacities were integrated into the grid, as there was a slight increase in PVs and biomass installations, but it stopped in 2016. Investments in roof PV systems continue to be realized due to their eligibility for preferential feed-in tariffs and terms of integration.

During the first period (2007 - 2012) around 1 621 projects were put into operation, from which around 13% have received grant financing through the Programme for rural development. During the second period the renewable energy projects realization through grant financing has decreased significantly as a result of the lack of financing for such systems. The RES investments have increased till 2012. The available machines, equipment and apparatus in the three sectors – wind, hydro and PV energy have reached BGN 4,5 milliard till the end of 2012 (figure 3).

Figure 3 Machines, Equipment and Apparatus for Renewable Energy Generation

Sources: NSI, Energy balances for 2011, 2012, 2013 and 2014

The investment flows have created a significant amount of green energy assets in Bulgaria at the end of 2012. The assets have increased by BGN 2,5 milliard or by 120% in 2012 compared to 2011. The financial flows during the period created 1 064 MW wind, hydro and PV capacities. In 2013 and 2014 the assets value decreased, as only the hydropower stations increased by BGN 4 million at the end of the second year. The decreased installed capacities during the last 3 years describe a cash flow drop in the country, which corresponds to the trends in the EU. The drop of RES investments in the EU after 2011 is in synchrony to the weak performance of the EU economy, which recovers slowly after the global financial and economic crisis. Such a decrease in the region that is the most active supporter of the green energy is compensated by a strong growth in countries as China and Japan. The notion that the alternative energy sources are suitable only for rich countries is disproved by the financial flows of 2015. For a first time developing countries have invested more than the developed – \$156 billion against \$130 billion. Around \$120 billion are the investments in China, India and Brazil (UNDP, 2015).

Europe was a leader with the highest amount invested in RES till 2012, as in 2013 it was outpaced and removed from its leading position by China (UNDP, 2016). Germany, which was a leader in green energy installed capacities and renewable energy equipment production, has also decreased its investments. While it has well developed technological base and benefits the effects of RES technologies, Bulgaria missed the opportunity to have its own technological base and R&D.

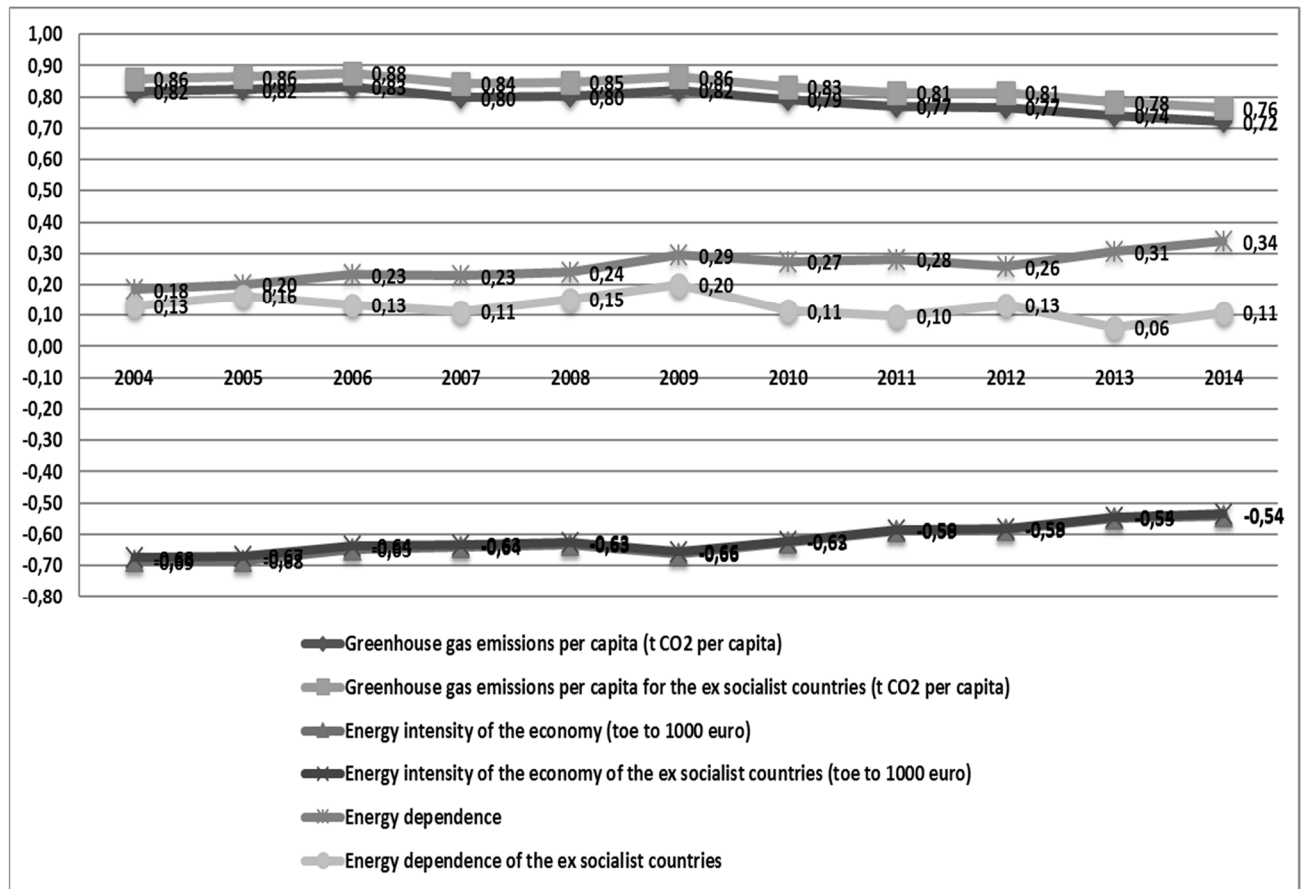
The European community has declared an aim of 27% share of RES till 2030 but the lack of stability and predictability of the policy and stimulus hinder the investors' interest and complicate the project financing. The structure of financing and the interest rate on loans are significant factors that influence the green energy price. The sensitivity analysis of the costs of energy generation to changes in some variables can be concluded that the most important factors are the return on equity, debt interest rate, debt term and capital structure, as these factors influence the project costs (Mochurova, M., Kotseva-Tikova, M., 2016, p. 38). Additionally it is important to be provided support for decentralized generation with a priority for the households. According to Kotseva (Kotseva-Tikova, M., 2013, p. 122) the most popular RES among the households is biomass and especially woods. An inquiry from 2016 (Mochurova, M., Kotseva-Tikova, M., 2016) confirms the data and conclusions of the research from 2010 that during the last years it has been missed an opportunity for vast inclusion of households and the enterprises in renewable energy generation to satisfy own needs. Public authorities are not an active participant in the creation and realization of policy towards broader usage of unconventional energy sources too.

3. Green Policy and Investments Effects

The green policy and investments brings positive results to the society in several aspects: economically, ecologically and socially. The current evaluation of the RES policy effects can be discovered through examining the strength of the correlation between GDP, on one hand, and greenhouse gas emissions, energy dependence and energy intensity, on the other. It is examined for the 28 members of EU, as well as for the ex-socialist EU member states (figure 4).

The correlation coefficients between GDP and greenhouse gas emissions show strong relation between the two indicators. For the examined period their movement is descending for EU-28, as well as for the ex-socialist countries, i.e. the strength of the relation decreases. The ratio is higher for the ex-socialist countries during the whole period. For Bulgaria the correlation ratio is 0,75 based on date from 2004 till 2014. The relation is strong but the total amount of emissions increased in 2014. It is difficult to see direct effect of more renewable energy upon the environment at present in Bulgaria.

Figure 4 Correlation Coefficient to GDP



Sources: author’s calculations based on Eurostat data

The correlation coefficients between GDP and energy intensity are negative, which shows that the production increase decreases the energy consumption, as the relation strength lessens. The correlation of EU-28 is similar to that of the ex-socialist countries, as in 2014 they are almost equal.

The correlation between GDP and the energy dependence is the weakest. It is ascending for the EU 28 and 3 times higher than the ex-socialist countries levels. For them the coefficient changes annually, shaping descending cyclic decreases followed by growths.

The results show the necessity to look for opportunities to change the production pattern towards a more ecological pattern, as well as to diversify in order to have greater independence. RES could be a suitable solution when there is a stable, consistent and predictable policy, which in turn can bring the preconditions to reach the desired stable economic development.

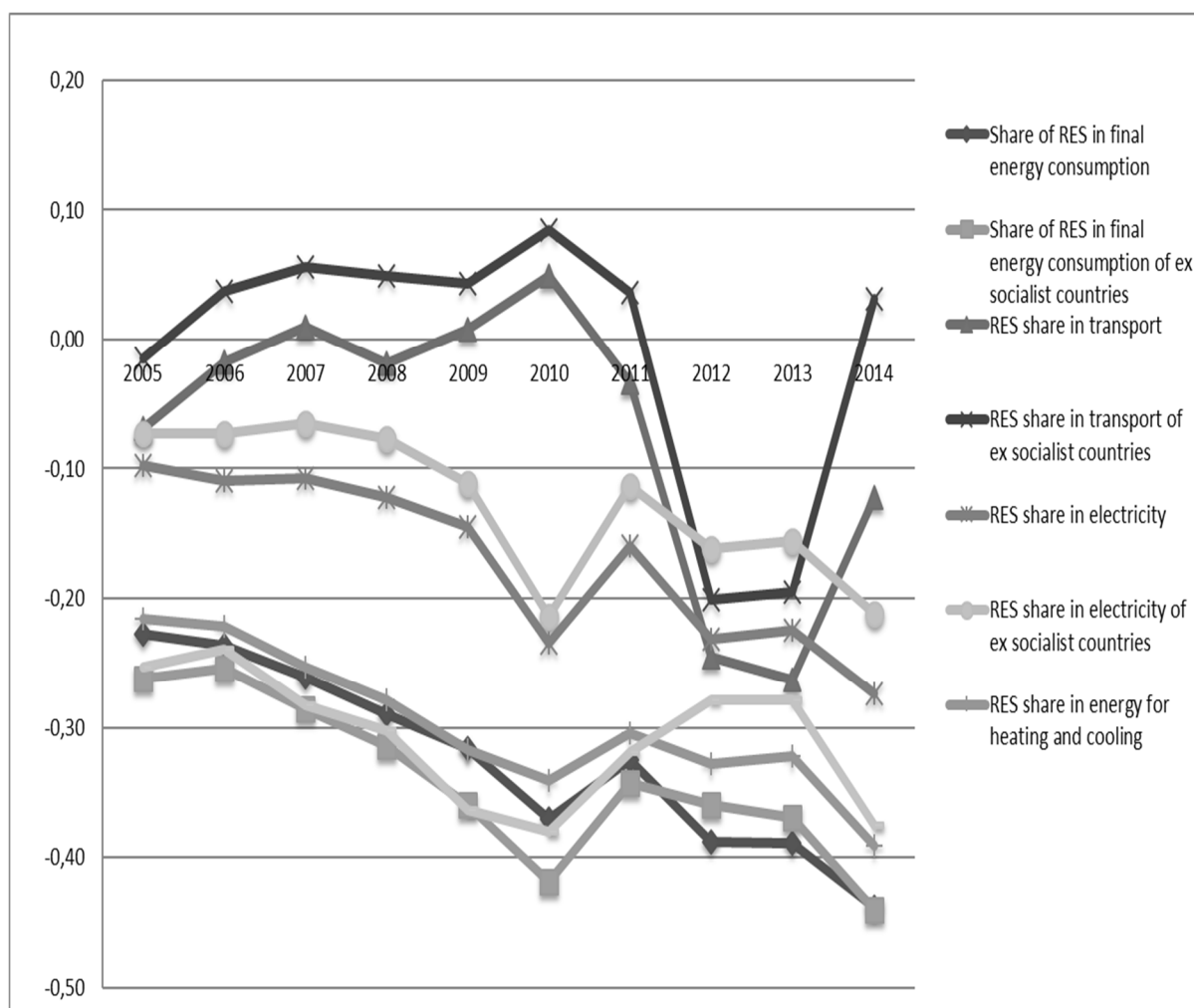
One important aim for RES is to support the global efforts for greenhouse gas emissions decrease. For the period 2005 – 2014 the correlation between the quantity of greenhouse gas emissions per capita and the RES share in final energy consumption is very weak, i.e. the

significant decrease of greenhouse gases should be accompanied by larger penetration of ecological technologies for energy generation.

The increase of the alternative energy application is a mean for energy dependence overcoming. The energy sources diversification is seen as an instrument for decrease of the negative influence of the oil price fluctuation upon GDP. The levels of RES deployment, measured as a share of final energy consumption, of the transport, of electricity production and of heating and cooling energy, in connection to the ratio of energy dependence are examined in figure 5.

The correlation coefficients of energy dependence with RES share in final energy consumption for both examined groups: EU-28 states and ex-socialist member states, show a tendency for increase of the relation, as at the end of the reviewed period the values become equal. The result underlines the positive contribution of renewable policy for acquiring of energy independence.

Figure 5 Correlation Coefficient between Energy Dependence and RES Share by Sectors



Source: author's calculations based on Eurostat data

The following trends in the correlation between the RES share by sectors with the energy dependence ratio could be identified:

1. In transport the relation is too weak, as annually it changes and in some years becomes positive, i.e. RES share in transport increase is accompanied by an energy dependence raise. Such trends are clearer in relation to the ratios of the ex-socialist countries, for 7 out of 10 years their correlation ratio is positive. In 2012 and 2013 the results show positive trend with increased relation, but in 2014 the correlation is again positive. The RES penetration in transport is a slow and complex process and requires measures with beneficial impact upon the transport reorientation towards cleaner and more energy independent solutions. The technologies still are not mature and require import of significant resources, but this could be a profitable market for development.
2. The correlation between the renewable electricity production and the energy dependence is weak. It increases slightly for both groups, as it is higher for the EU-28. The coefficient for the ex-socialist member states start from lower levels but they succeed to strengthen the relation in this sector too. It is too weak and if the RES share increases significantly the energy dependence could decrease especially in renewable technologies that are produced in EU.
3. The correlation between the heat and cooling renewable energy generation and the energy dependence shows a tendency from weak to stronger relation. During the period 2005 – 2011 it is stronger for the ex-socialist member states, as ascending tendency is seen for both groups. The correlation decreases from 2012 till 2014, when both groups get equal values. The biomass is well-known and broadly applied source for heating especially in Bulgaria. The country owns wood resources which is a precondition to improve its energy independence.

The relations and tendencies described above show the opportunity to have energy independence through deployment of renewables. The process can be strengthened with new measures especially for the transport. It is one of the three major polluting sectors that can have successful solutions, which would lead to greater independence and greenhouse gas emissions decrease.

The global community coordinates the efforts to limit the global temperature rise through involvement of more RES, as well as tries to reap the economic benefits from such measures. In Bulgaria the energy efficiency remains high; the greenhouse gas changes cannot be explicitly explained as a result of purposeful policy towards low carbon economy. The descending trend of the greenhouse emissions quantity and their increase in 2014 are result of crises and economic disbalances. The foundations laid require keeping the adoption of local ecological energy sources,

supporting the research and development in respect to new technologies and their broad application and usage. Green energy could be a factor for decrease of the energy foot print that is the main aim of the green policy. The green economy is important in order to have conditions for a third industrial revolution², which uses the benefits from the decentralized energy generation from RES. The integration of the three sectors: energy, transport and information technologies is an important step toward the infrastructure establishment for a new industrial revolution.

Conclusion

EU actively develops policy for technological change and ecological production. It participates in the process of negotiation for a global agreement to limit the temperatures rise and the greenhouse gas emissions, resulting from the anthropogenic activities. Its policy requires complex measures in energy with an accent upon adoption of RES potential. The alternative energy sources are perceived as an important instrument to decrease the greenhouse gases, as well as an instrument for national security and economic growth. The increased renewable investments show the political engagements for ecological economic development. Bulgaria did not succeed to gain advantages from the execution of the national renewable energy aim. There are a significant number of RES capacities, including a lot of PV systems which ranked the country 10th in the world in 2012, but they are not a fruit of R&D. It is just an equipment import, which creates a temporary employment and short - term growth. The Bulgarian RES policy needs adaptation to the national peculiarities with an accent upon the decentralized energy generation, broader biomass application, green technology development, their local application and export.

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EVALUATION OF THE GREEN ECONOMY IN BULGARIA

Milkana Mochurova¹

Abstract

The green economy concept is related to the contemporary trend of searching synergy among economic, environmental and social spheres. The paper evaluates the green economy development in Bulgaria, based on a modified methodology of the global green economy index. Calculations are made of several group indicators (leadership and climate change, sectoral efficiency, markets and investments, environment and natural capital) and are compared to the best achievement in a given component. The interrelationship between the various economic components has been proven, as well as the lack of synergy in the development of the different aspects of the green economy in Bulgaria, and different policies and instruments.

ОЦЕНКА НА ЗЕЛЕНАТА ИКОНОМИКА В БЪЛГАРИЯ

Милкана Мочурова

Резюме

Съвременната тенденция за търсене на синергия между икономика-околна среда-социална сфера и подходи за постигане на ниско въглеродно развитие, се отъждествяват с понятието зелена икономика. В настоящия доклад се прави оценка на развитието на зелената икономика в България на база модифицирана методология на индекса за глобална зелена икономика. Извършени са калкулации по групи индикатори (лидерство и климатични промени, секторна ефективност, пазари и инвестиции, околна среда и природен капитал) спрямо еталонно постижение в областта на зелената икономика по даден компонент, и обобщена оценка. Доказана е взаимовръзката между различните аспекти на икономиката и липсата на синергия в развитието и съответно финансирането на отделни области от зелената икономика в страната, а също и между различните политики и инструменти.

1. Green economy – dimensions and measurements

The green economy can be thought of as an alternative vision for growth and development; one that can generate growth and improve people's lives in ways consistent with sustainable

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development. UNEP (2011) Green Economy Report argues that “to be green, an economy must not only be efficient, but also fair. Fairness implies recognising global and country level equity dimensions, particularly in assuring a just transition to an economy that is low-carbon, resource efficient, and socially inclusive.”

It is often considered that a green economy promotes a triple bottom line: sustaining and advancing economic, environmental and social well-being. However, a fourth dimension is equally important. Spangenberg, 2011 analyses dimensions of sustainability – economic, environmental, social and institutional (Fig. 1) and has good reasons to underline that socio-economic and institutional (political) dimensions of sustainable development are often neglected in analyses and scenario projections. The institutional aspects are often considered in relation to integrating environmental protection in other policies, but are rarely accepted as a separate dimension. However, the institutional dimension should never be ignored when preparing a sustainable development programme. Criteria of equal worth should be developed for monitoring and evaluation of state and trends in each dimension.

Figure 1: Prism of sustainability



Four dimensions (imperatives)	Interrelations between the dimensions
Institutional imperative – strengthen participation	Justice (between dimension 1 and 2)
Economic imperative – improve competitiveness	Democracy (1 and 3)
Social imperative – sustain cohesion	Burden sharing (2 and 3)
Environmental imperative – limit throughput	Care (1 and 4)
	Eco-efficiency (2 and 4)
	Access (3 and 4)

Source: Spangenberg (2011)

There is no universal definition of “green economy”, but the concept underlines the economic dimensions of sustainability and the importance of gearing the economy in the right direction. Thus, green economy operationalizes the idea of sustainable development. The green economy concept offers a positive vision for the future in contrast to apocalyptic perspectives occurring often in the literature on ecology, see details in Turok & Borel-Saladin (2013). The vision of the authors is shared here in this paper – when progress opportunities are recognised, it is more likely to identify also a potential for development and encourage changes in citizens and policy-makers, rather than when a society is paralyzed by fear and negativism. It is possible to take measures to mitigate the degradation of natural resources and eco-systems and to improve people’s wellbeing at the same time. The focus should be on achieving benefits simultaneously and on relationships between economy and environment, but not compromising results in one dimension at the expense of another. The extent to which a real synergy, and not a compromise, is reached should be carefully analysed. A challenge is also to have “greening” of the economy, which is connected with justice and an inclusion of vulnerable groups. The understanding of different opportunities of the green economy under different conditions on a local and national level is important too. In this case problems arise when foreign regulations, models and policies are transferred without the necessary preparation and preconditions.

The interrelations between the different development aspects are very important and this could be proven by analysing correlation coefficients between indicators, related to environment, resource efficiency, production, innovations, rule of law¹, etc. (See Table 1 for calculated coefficients and Table 2 for initial data).

¹ See the text below for more details about indicators.

Table 1: Correlation coefficients for selected indicators of EU member states (2014)

Indicators		Coefficient
Gross domestic product in purchasing power standards (GDP in PPS), EU28=100,	Resource productivity (PPS /kg)	0.57
Greenhouse gas (GHG) emissions per unit GDP in PPS	Resource productivity	- 0.6
EU innovation performance (innovation scoreboard)	Resource productivity	0.44
EU innovation performance	GHG per capita	0.48
EU innovation performance	Greenhouse gas emissions per unit GDP in PPS	-0.47
EU innovation performance	GDP in PPS	0.70
Rule of law index	GDP in PPS	0.85
Rule of law index	EU innovation performance	0.87

Source: Calculated by the author based on data from Eurostat and WJP Rule of Law Index

Table 1 shows that concerning resource productivity – a weak positive correlation is observed with GDP in PPS (coefficient 0.57) and a weak negative correlation with GHG per GDP (-0.6). Countries with higher GDP are characterized by a more efficient natural resource usage and lower carbon intensity (less GHG emissions per unit of production). Between the innovation index and GDP a strong positive correlation is observed (0.7). These and other coefficients in Table 1 show that EU-member states with innovative economies are characterized by higher resource productivity, low carbon intensity and higher GDP per capita.

Table 2: Selected indicators for the EU member states

	GDP per capita in PPS		Resource productivity PPS per kilogram		Innovation index	WJP Rule of law index
	2012	2014	2014		2014	2014
EU	100	100	2.0851			
BE	120	118	2.2368	*	0.607	0.789099825
BG	46	47	0.6604		0.238	0.544505557
CZ	82	84	1.5477		0.433	0.746137194
DK	126	125	1.704		0.675	0.886825688
DE	124	126	2.0749	*	0.655	0.834612694
EE	74	76	0.7427		0.479	0.786821623
IE	131	134	1.7431	*	0.607	
EL	74	73	1.5524	*	0.399	0.599349572
ES	92	91	3.0871		0.387	0.696076181
FR	107	107	2.535		0.556	0.716796252
HR	60	59	1.7295		0.292	0.605129149
IT	101	96	3.184		0.434	0.644262982

CY	91	82	1.9361		0.487	
LV	60	64	0.8561		0.233	
LT	70	75	1.3887		0.288	
LU	258	266	3.3164		0.626	
HU	65	68	1.4695		0.364	0.568030473
MT	84	86	1.9177		0.371	
NL	132	131	3.494		0.639	0.860178213
AT	131	129	1.6014	*	0.599	0.834168467
PL	66	68	1.092		0.291	0.711870905
PT	77	78	1.4968	*	0.418	0.71100253
RO	54	55	0.7187		0.223	0.659066233
SI	81	82	1.7284		0.498	0.672771611
SK	74	77	1.6779		0.354	
FI	115	110	0.9749	*	0.658	
SE	127	123	1.462	*	0.719	0.861439623
UK	107	109	3.2991		0.580	0.808707198

Source: Eurostat, WJP

Legend: * Data for previous years

The results about the Rule of law index are very indicative of the importance of the institutional dimension of the sustainable development prism and the development of the green economy, respectively. There is a very strong positive correlation between the Rule of law indicator and GDP and innovations (coefficients 0.85 and 0.87, respectively). Therefore, EU member states with a good rule of law have also a relatively higher GDP and better innovativeness. Bulgaria has the lowest or the second lowest values in the EU concerning the above indicators.

The interrelationships are further illustrated by the summary evaluation of the green economy in Bulgaria.

The green economy concept covers various aspects, issues and aims to ensure synergy in reaching different goals. That is why, it is not possible to measure the progress by one or several indicators but it is necessary to use a set of indicators combined in indexes.

Many authors have pointed out the limitations of using GDP as an overarching measure of economic and social progress. For example, environmentalists argue that GDP is a poor measure of social progress because it does not take into account harms to the environment. A number of other measures have been developed, such as, Social Progress Index (www.socialprogressimperative.org), the Legatum Prosperity Index (www.prosperity.com), Sustainable Development Goals Index (www.sdgindex.org), Human Development Index

(<http://hdr.undp.org>). Most of the above indexes have the purpose to give adequate alternative to GDP as a universal measure of the standard of living.

Some indexes measure a certain aspect of development and are important for understanding the green economy. For example, Rule of the Law Index (World Justice Project <https://worldjusticeproject.org>) measures an important aspect of sustainable development and green economy – the institutional aspect. It could be considered as a proxy of the Institutional imperative in the prism of sustainability, because it could measure justice and democracy – the interrelations between the institutional dimension and the other dimensions in the prism (Fig. 1). The Rule of the Law Index covers the following factors: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, criminal justice and informal justice. Examples of other indexes are E-government index, competitiveness indexes, Global Innovations index, Logistic Services Index, Human Freedom Index (www.cato.org/human-freedom-index), etc.²

A modified version of the Global Green Economy index (GGEI) is selected for a complex assessment of the green economy in Bulgaria. The reasons are the following:

- In contrast to other indexes, GGEI focuses on the green aspects of the economy and development, especially renewable energy sources (RES), low-carbon economy, and environmental protection. Financing and investments are covered by a special component of the index – Markets and investments;
- Unlike other indexes, GGEI has a special focus on innovations and clean technologies. It can also show visually the interrelations between the different aspects.

GGEI is developed by Dual Citizens Institute guided by the belief that the environment, climate change and the green low-carbon growth are becoming defining issues for national policy-makers and the global reputation of countries. GGEI has four groups of indicators which present important aspects of the green economy development and their connections: leadership and climate change, sectoral efficiency, markets and investments, environment and natural capital.

2. Evaluation of the green economy in Bulgaria

The evaluation is made by a modified methodology of GGEI. It is based on an assessment of the above mentioned four components (groups of indicators).

² Some indexes could be are autocorrelated. For example, the Human Freedom Index includes the indicator Rule of Law and measures it using as a source of information the World Justice Project. The Rule of the Law Index (World Justice Project) covers fundamental rights, open government and civil society, which are included in the Human Freedom Index too.

The available information about Bulgaria is used (as of Sept. 2016), where it is possible. In cases where it is not possible to make a precise assessment, an expert assessment is made by the author of the paper. The purpose of the evaluation is to present the achievements on a given component in a comparative perspective, but not to give an exact quantitative estimate of the index or to make comparison with the GGEI of other countries. This approach for assessing the green economy in Bulgaria is chosen for the following reasons:

- Because of the limited information and resources available, it is possible to make only a pilot evaluation. For some of the indicators only an expert assessment is made. Only achievement indicators are analysed, not perception indicators.

- The evaluation is made using a three-degree scale – good, average or poor performance (score) and each indicator receives 3, 2 or 1 points respectively. Although a simple scale is chosen, it makes possible to outline and visualize strengths and weaknesses and as a result – the potential for improvement and further development of the green economy in the country. The evaluation (if an achievement on a given indicator is good, average or poor) is made by a comparison with the results of EU 28 states or the countries in Central and Eastern Europe (EU 13). When a given indicator has currently a relatively low value in Bulgaria, but some positive trends in its development could be observed over the time, this indicator receives a higher score (average or good). In contrast – when negative trends are observed, a lower overall score is given (average or poor).

Summary evaluation of indicator groups (components)³

1. Leadership and climate change

This component assesses the values and positions shared by the leadership of a country (head of state, members of parliament) and media coverage. It is considered that political leadership plays a crucial role in mainstreaming the concept of green economy. However, these indicators are rather unstable. That is why, the greenhouse gas (GHG) emissions and positions on international forums are the most important indicators in this group.

- Head of state – the European Union has long been committed to international efforts to tackle climate change. Bulgaria as an EU member supports the international agreements in United Nations Framework Convention on Climate Change (UNFCCC) and related documents. The Paris Agreement within UNFCCC was signed on 22.04.2016 by 175 countries including Bulgaria. In

³ See details in the research project Financing Green Economy in Bulgaria by Mochurova, Kotseva, Branzova, Economic Research Institute – Bulgarian Academy of Sciences (ERI-BAS), 2017

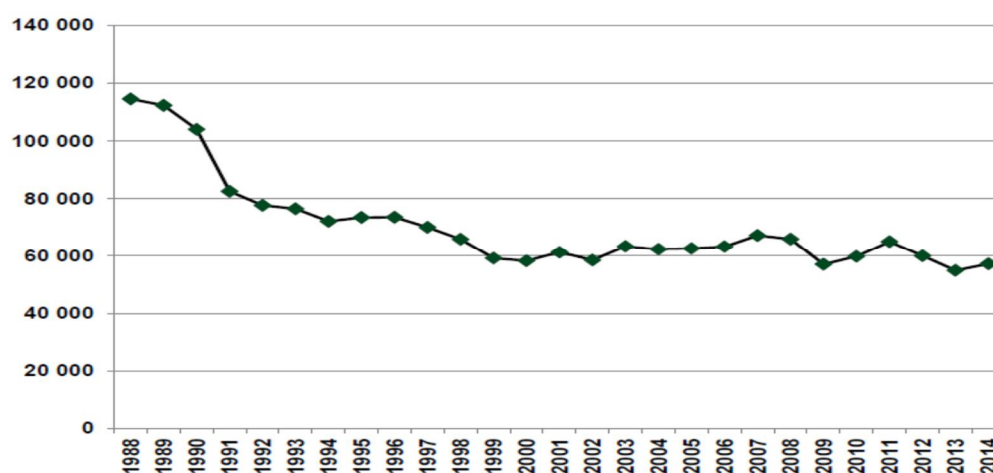
2016 the President of the Republic expressed the clear commitment of Bulgaria to mitigate climate changes for the interests of the future generations. A high score is given to this indicator.

- Media – Media in Bulgaria rarely cover climate change issues and the global actions for their mitigation, most often only during international forums or in cases of catastrophic events. A lack of constant interest in climate issues and lack of professional media reflections, with rare exceptions, could be observed. This give grounds for an average score on the indicator.

- International forums – high mark, because Bulgaria takes part in international forums and shares the EU position on climate issues.

- Climate change performance. Bulgaria has fulfilled its obligations for GHG reduction. The emissions decreased rapidly in the beginning of the 1990s. After that they stay on one level or even have slightly increased (Fig. 2).

Figure 2: Total GHG emissions (without LULUCF) for 1988 – 2014, Gg CO₂ eq.



Source: EEA, GHG inventories

The emission reduction is a result mainly of the economic restructuring in the country and the transition to a market economy, but not a result of a purposeful policy. This justifies the average score on this indicator.

The maximum score on this component is 12 points, and Bulgaria scores 10 points or 83% of the standard (the best performance score).

2. Sectoral efficiency

It is an important component of assessment because high energy and resource intensities lead to higher production costs and a lack of competitive advantages of the economy. Energy savings is a measure with a good degree of readiness for implementation and a sure way for achieving the Europe 2020 goals. This component includes the following indicators:

- Buildings

A significant number of home buildings in Bulgaria need measures for improving of energy efficiency. The biggest issue are the so called panel blocks, which are 18 900, and above 1.77 million people live in them. Panel homes are about 50% of all homes in some big towns. Analyses show that energy characteristic of public infrastructure (administrative buildings) are extremely bad too.

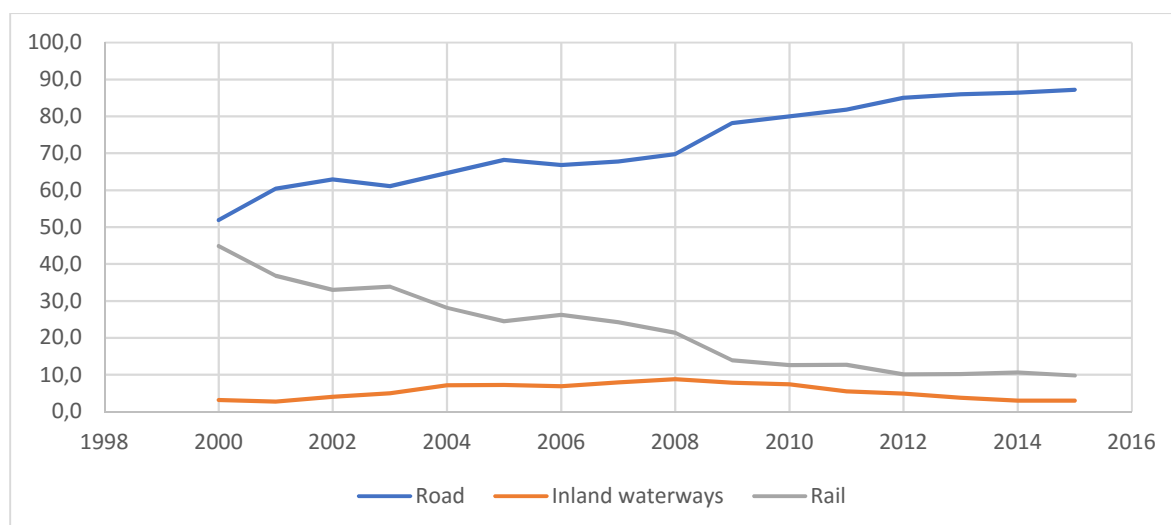
There are annual plans for applying energy efficiency measures in public buildings. As an EU member Bulgaria has transposed the Energy Efficiency Directive concerning design and construction standards. Till 2020 all new public buildings should meet the requirements for near zero-energy buildings. Therefore, an improvement in the situation could be expected and an average score is given to this indicator.

- Transport

Road transport is less energy-efficient and produces more emissions per kilometre than rail and inland waterways transport. Therefore, the use of vehicles for freight transport has greater social and environmental impact, such as pollution, global warming, road accidents, etc.

For the period 2000 - 2015 the average annual growth rate of carriages by road transport was 11.4%, of inland waterway transport – 6.9%, while for railway transport a 2.7% decrease was recorded. During the period 2000 - 2015 an unfavourable trend of increasing the share of road transport was observed and its percentage for 2015 was 87.2% from the total performed work, measured in tonne-kilometres (Fig. 3)

Figure 3: Modal split of freight transport



Source: National Statistical Institute (NSI)

Another problem is that above 85% of all 4.1 million vehicles in the country are 10-year old, 43% are 20-year old. The following reasons give ground to put a poor score to this indicator: the significant share old passenger cars which cause serious air pollution, the domination of road public transport instead of rail transport and the abating role of the passenger and freight rail transport, which contradicts the modern trends for increasing the role of railways.

- Energy

On the one hand, energy sector is developing under turbulent conditions – conflicts among different stakeholders, frequent changes in the legal framework and institutions, changes in the strategic orientation. The energy regulatory body functions ineffectively. Losses along the energy transfer system are relatively high; the objectives for energy savings are not met on time. On the other hand, there are positive results – Bulgaria met its obligation for the share of renewable energy sources (RES) in the final energy consumption in advance in 2012, import dependence is low. Positive changes are expected in the course of the implementation of EU legislation – therefore, an average score could be given on this indicator.

- Tourism is an important sector for the Bulgarian economy – according to NSI the sector contributes directly and indirectly for above 16% of GDP. However, the touristic product is dominated by the mass tourism (sea and mountain) and the tourism expansion has some negative impacts – low efficiency, overbuilding in seaside and mountain resorts. The tourist flow is highly concentrated – 70% of activities are located on 5% of the territory of Bulgaria. The National strategy for the sustainable development of tourism stipulates the share of the specialized types of tourism to be increased and also encourages the development of new touristic products (cultural, spa and wellness, eco and rural, congress, adventure tourism, etc.). Thus, positive development could be expected in the future and an average score may be put to this indicator.

In conclusion, on Sectoral efficiency component Bulgaria receives 7 points out of 12 points or 58% of the best possible performance (the standard).

3. **Markets and investments**

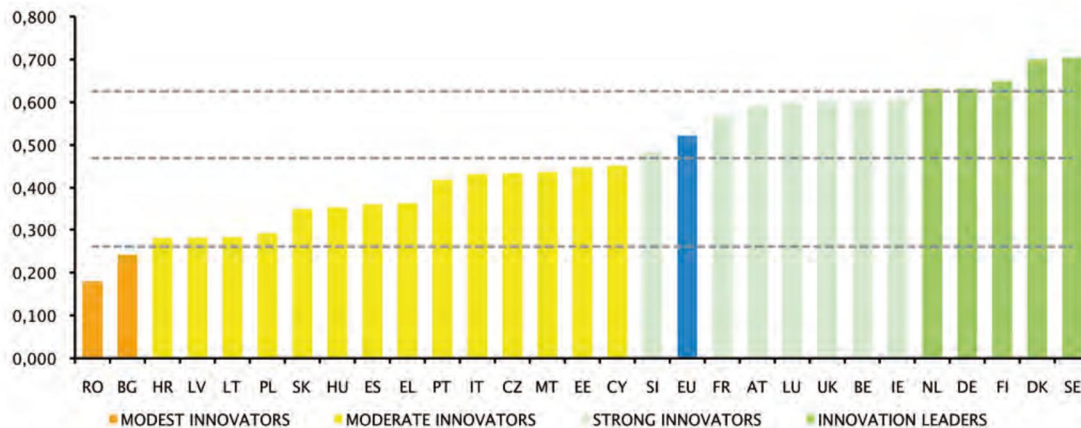
- Investments in RES

As a result of investment flows in the country, there are significant green assets at the end of 2012. Assets have increased by BGN 2.5 billion or 120% as compared to the previous year. Since 2013 investments have been declining, and assets declined too. It is justified to give a high score on this indicator.

- Innovations and clean technologies

Bulgaria is on next to the last place in the rating of the European Innovation Index (Fig. 4). The country lags behind the average European level on all quantitative scores of innovation performance.

Figure 4: European innovation index



Source: EU, European Innovation Scoreboard, 2016,

<http://ec.europa.eu/DocsRoom/documents/17822>

According to the Eurostat database sectors related to energy and environment report zero business expenditures for research and development (R&D) activities. Thus, the total investments in RES are relatively high but out of them no funds have been allocated to R&D activities. A number of documents conclude that the connections between science, innovations and the business are poor; innovativeness of the Bulgarian small- and medium-size enterprises is low. The share of R&D expenditures in the GDP is low too. The above arguments justify putting a poor score on this indicator as a whole and in the context of the green economy evaluation.

- Cleantech commercialization – because of the low innovativeness of the economy – poor score too.

- Green investment facilitation

Main instruments for facilitation of green energy are the preferential prices for the purchase of electricity from renewable energy sources and the long term contracts, which made the sector attractive for investments. However, the lack of stability in the regulatory framework is a major weakness, which should be overcome in the future. There are problems with regulations, asymmetry of information, favouring of certain producers and lack of support for decentralized electricity production. There is no purposeful policy for encouragement of green investment (with

the exception of RES till 2013, which however have caused some negative effects and imbalances in the energy sector and the economy as a whole). These arguments give reason to put a poor mark on this indicator.

Therefore, concerning the third component Bulgaria scores only 6 points or 50% of the best performance in this field of the green economy.

4. Environment and natural capital

- Agriculture

This indicator assesses policies concerning effects from intensive agriculture, including subsidies and pesticides. Significant funds from the EU have been invested in Bulgarian agriculture but the effects are debatable (Boyukliev, 2016). The subsidies have stimulated large-scale farms and monoculture agriculture. On the other hand, some positive trends could be observed – improvements in the ecological quality of soils, increase in the arable land, increase in the share of organic farming, etc. These give reasons to put an average score on this indicator.

- Other components of the environment

Analyses based on state of environment reports, published by the Environmental Executive Agency and other data give grounds to put the following marks⁴:

Air quality – poor score

Water – high score

Biodiversity – high score

Fisheries – average score

Forests – average score

The total score of the fourth component Environment and natural capital is 13 points out of maximum 18 points or 72% of the best performance score. This is a relatively high score. The overall positive assessment on this component deduced by the author corresponds to a certain extent to the environmental performance index of Bulgaria, calculated by the Yale University⁵. In 2016 Bulgaria takes 33th place out of 180 countries with a relatively high score (83.4 out of 100 points).

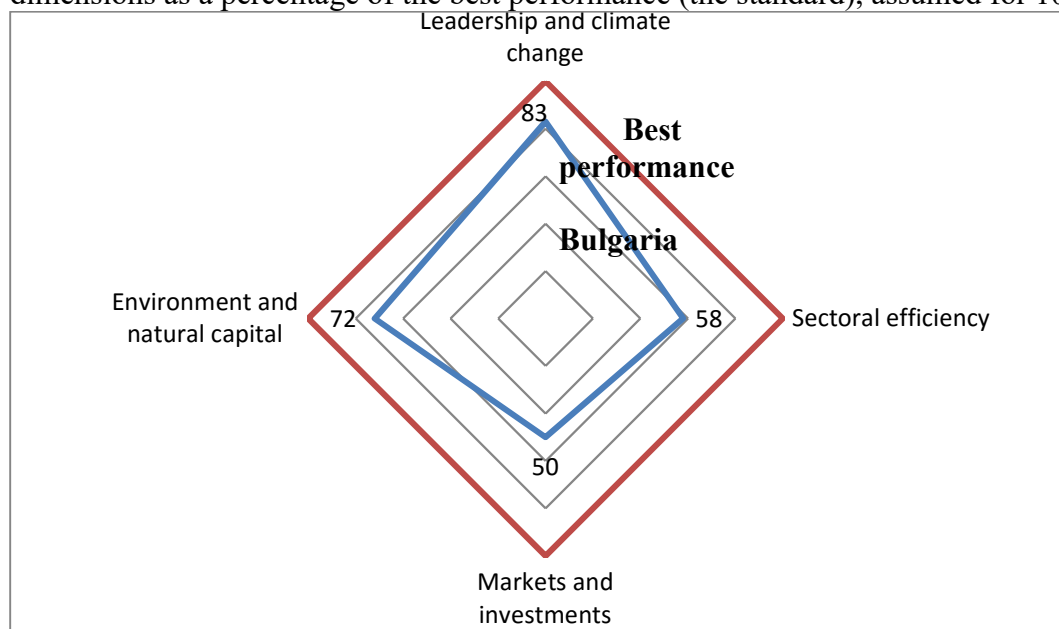
⁴ See details in Mochurova, Kotseva, Branzova (2017), Financing Green Economy in Bulgaria, research project, Economic Research Institute – BAS, 2017

⁵ <http://epi.yale.edu/>

3. Summary evaluation and conclusions

The summary evaluation is presented in Fig. 5.

Figure 5: Evaluation of the green economy in Bulgaria based on a modified GGEI (by four dimensions as a percentage of the best performance (the standard), assumed for 100%)



Source: Author's calculations

The figure shows that Bulgaria performs relatively well on the first and fourth component of the green economy (Leadership and climate change and Environment and natural capital). Results are relatively poor in Sectoral efficiency and Markets and investments. Improvements are specially needed in the following aspects:

- Sectoral efficiency – more precisely sectors Buildings and Transport;
 - Markets and investments – measures for encouraging innovations and clean technologies and facilitation of green investments.

Positive results are mainly due to projects financed by the EU funds and implemented within the framework of certain EU regulation. The sustainable development concept is “imported” from abroad and transferred automatically into national strategic documents without ensuring a coherence of the “green” aims. A strategy for a green development and growth is lacking in Bulgaria and thus, projects have been implemented inconsistently. There is no synergy between different policies and instruments.

The symmetric figure Best performance (the standard) shows the perfect theoretical relationships between the different aspects of the economy. The irregular figure derived for Bulgaria (Fig. 5) illustrates visually the lack of synergy in the development of the various aspects

of the green economy. For example, the reduction in GHG (component 1) and investments in cleaning technologies have been imbalanced and have not led to stimulations of innovations and new technologies and improved attractiveness of the Bulgarian market for new green investments (component 3). The increased share of RES in the final energy consumption (component 3) has not led to better air quality (component 4). The low efficiency of sectors is alarming, especially the need to improve energy efficiency of buildings, eco transport, incl. railways (component 2) and to lower the carbon intensity of economy as a whole (component 1).

The analysis has proven that the assessment of the green economy development is a complex interdisciplinary issue and sets of indicators should be used. Green economy has different aspects and dimensions and it is important to study the interrelations among them.

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