



Mr Seppo Määttä, Seconded National Expert (EIPA)

The Lisbon Strategy and Strategy- Focused Public Administration

SUMMARY

The Lisbon strategy aims at making Europe the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. In Spring 2005, the midpoint of the decade, the Heads of Governments will have an in-depth review of delivery towards the ambitious targets of the strategy. *The forthcoming debate of the future actions on the Lisbon strategy provides a real momentum to raise up the question of the role the public administration and the public management should play in the context of the Lisbon strategy.*

1. The emphasis of the Lisbon strategy is on the implementation: *Strengthening and aligning the Governance layers and mechanism*

In order to clarify the political ownership there is a need to strengthen the commitment of the Member States. It is up to the governments to integrate the Lisbon objectives to the national ones, to debate the priorities and to create effective mechanisms for national strategy delivery.

Further discussions and reform efforts for strengthening and aligning the governance layers and mechanisms in strategy delivery could be significantly contributed by the expertise of the public management development.

2. Public administration as a key lever for strategy delivery: *Putting the public management practices and innovations into the context of the Lisbon*

The rationale for putting the public administration to the context of the Lisbon strategy lies mainly on a) its absolute and relative size, b) its role as a policy-maker and regulator and, c) its role as a core service provider.

Public administration is the largest single industry in Europe and the member states. *Facing the challenges within the public sector on productivity, ageing and sustainable finances, the public administration in large should be explicitly a key target in the Lisbon strategy.*

The implementation of the Lisbon strategy in its various policy areas is highly depended on the public administration's capacity and competence to orchestrate the policy-making in real-life context. *Hence there is a need at least for exchanging information on good and innovative practices on policy-making. Furthermore a more systematic benchmarking/-learning process on policy-making practices would provide some real added-value for the Lisbon implementation.*

The attention towards innovative and well-functioning service delivery solutions and management practices on the area of core public services (education, healthcare, social protection) has been rather limited. *It is worth discussing what kind of contributions the public management development has to offer on the field of the public service delivery on different layers.*

3. European Public Administration Network (EPAN) at the service of the Lisbon Strategy: *Aligning the EPAN network by the challenges of the Lisbon strategy*

The ministers responsible for the public administration could ask the EPAN network (Director Generals and working groups) to elaborate the ideas, concrete themes and innovative practices for bringing the public administration to the centre of the Lisbon strategy. The Lisbon strategy and the public administration should be also included to the forthcoming mid-term program. The ministers would get the first report on the progress in the informal ministerial meeting in June 2005.

The Lisbon Strategy and Strategy-Focused Public Administration: *Key Issues Paper*¹

I The Lisbon Strategy

At the Lisbon summit in the spring of 2000, member states agreed to make their labor markets more flexible, stimulate innovation, encourage entrepreneurs, spend more on research and development and complete the single market. This agreement called the Lisbon strategy aims at making Europe *the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion*.

The Lisbon strategy was intended to deliver an average growth rate of ~ 3% in the years following 2000 and an increased employment rate of 70% by year 2010. The average growth rate during the period 2001-2003 has been far below the target of 3%, at 1.2% a year. The total employment in the EU-15 stood also far below the 70% target for 2010, at 64.3 in 2003.

Next year, the midpoint of the decade, the Heads of Governments will have an in-depth review of delivery towards the ambitious targets of the Lisbon strategy. Among other things they will discuss the key levers for strategy delivery².

The forthcoming debate of the future actions on the Lisbon strategy provides a real momentum to raise up the question of the role of the public administration and the public management in the context of the Lisbon strategy.

II Strengthening and Aligning the Governance Layers and Mechanisms

The Lisbon strategy can be said to have a generally valid content, meaning that it provides answers to the *What-question*. The real challenge lies on the implementation side and hence on the *How-question*. Leading foresight (strategy content) is no use without an excellent execution of actions (strategy implementation). Both are needed. However, at the end of the day it is the latter that makes a real difference.

National-level governance includes processes, structures, regulations and management mechanisms that are used by the government in strategy formation (planning and implementing).

Many of the reforms and measures needed to implement the Lisbon strategy are the responsibility of the Member States. Hence the political ownership of the strategy belongs to the national governments. There is a need to strengthen and to clarify the commitment of the Member States. This could be done by establishing a focused and coherent *national delivery plan*. The national delivery plan and the objectives would be put forward to the common debate and peer review on the European level. For strengthening both the accountability and the incentives the implementation of the plan would be assessed in rigorous and transparent way. It would be up to the governments to integrate the Lisbon objectives, to debate the

¹ The paper has been written by Mr Seppo Määttä (Seconded National Expert, FIN) from the European Institute of Public Administration (EIPA, Maastricht).

² The European Council invited the Commission to establish a high-level group headed by Mr Wim Kok to carry out an independent mid-term review on the measures which together form a consistent strategy for the European economies to achieve the Lisbon objectives and targets. Following presentation of the report, the Commission and Member States will work together in considering its content and ensuring a coherent preparation for the Spring 2005 European Council. (European Council, Brussels, 25.-26.3.2004. Presidency Conclusions)

priorities and to create effective mechanisms for national strategy delivery. It would also be the government to reporting and explaining the results achieved.

Many important areas and objectives within the Lisbon strategy stress the need for EU-level governance. *European-level governance* includes the key principles on the EU policy-making and the methods to be used in policy implementation³. *The Community method* is based on the competences given to the European Union in legislating and adopting legally binding acts. The Commission's objectives and measures on reforming the European Governance aim at renewing the Community method⁴. As a part of the governance mechanisms the EU also has the Community Budget and the numerous operative programs at its disposal for fostering the strategy delivery.

The emphasis on the national responsibility in strategy delivery means that *the open method of coordination* (OMC) continues to be the key mechanism for strategy implementation. OMC enables the sharing of good practices, the transparent system of accountability and the convergence towards the main EU-level objectives without losing the room for local adjustments. However, also the OMC needs to be focused and adjusted by the demands of strategy delivery.

Further discussions and efforts for strengthening and aligning the governance layers and mechanisms in strategy delivery could be significantly contributed by the expertise of the public management development. In particular the role and the contribution of the open method of coordination should be analyzed and elaborated further. This should be done both on the European and the national level.

III Putting the Public Management Practices and Innovations into the Context of the Lisbon Strategy

Public sector can be seen in two different perspectives, external and internal. From the *external perspective* the public sector is influencing directly and indirectly to the society and its actors by making and implementing policies, imposing regulations, collecting taxes and providing services. Hence its role and influence on competitiveness and growth is based on the interventions to the everyday life of people and companies.

From the *internal perspective* the public sector's ability to provide good quality and efficient administration and services depend on their internal structures and processes (incl. horizontal co-operation, co-ordination and coherence) and competences (know-how) on expertise, management and leadership.

The rationale for putting the public administration to the context of the Lisbon strategy lies mainly on the following three arguments:

1. *Public administration is the largest single industry in Europe and the member states.* With ~45% share (EU-level average) of the annual GDP it employs ~ 50 million persons in Europe. It makes significant investments on physical and societal infrastructure on annual basis.

The challenges on productivity, ageing and sustainable public finances are well known and many analyses and reforms are under way both on the European level (e.g the Economic Policy Committee's working group on Good Quality Public Finances⁵) and on the national

³ COM (2001) 428 final, 25.7.2001.

⁴ Report on European Governance (2003-2004). 22.9.2004, SEC (2004) 1153.

⁵ The notion on the quality public finances refers to the improvement of the quality of public finances as an important prerequisite for promoting growth and employment. The Lisbon strategy and the Broad Economic Policy Guidelines ask for increasing the efficiency of the public sector by introducing mechanisms to assess the relationship between expenditure and policy objectives.

level (e.g. Productivity programs in the UK and in Finland). However, despite its size and importance, the public sector and the need for structural reforms has not been explicitly included in the Lisbon strategy.

Defined by its absolute and relative size the public administration is one of the biggest sectors in our societies. Facing the challenges on productivity, ageing and sustainable public finances, the public administration in large should be a key target in the Lisbon strategy.

2. *By innovating and implementing policies and imposing regulations the public administration defines the rules and the room for maneuvers for the citizens and companies.* It is the role and the responsibility of the public administration to set up the development agenda for the society.

There is no single mode of policy-making in Europe. Administrations` role in policy-making differs by the intensity and the details of the interventions. It also makes a difference, whether a country has a highly regionalized or less-regionalized structure, or whether the interventions and the division of labor between administrative layers are based on decentralized or centralized model. The modes may even vary from policy area to another.

The way the national policies are innovated, formulated and put in to the practice does make a difference to the strategy delivery. With their own national strategies the governments are facing the same basic questions as with the Lisbon strategy: How to implement our strategy? How to communicate it to the stakeholders? What are the key mechanisms in delivering our strategy? How to cope with the cross-cutting policy issues and to ensure that nothing important is missed? What is our capacity to innovate and what is the added value provided by our policies?⁶

The implementation of the Lisbon strategy in its various policy areas is highly depended on the public administration's capacity and competence to orchestrate the policy-making in real-life context (also beyond formal structures). Hence there might be a need at least for exchanging information on good and innovative practices on policy-making. Furthermore a more systematic benchmarking/-learning process on policy-making practices might provide some real added-value for the Lisbon implementation. The expertise of the public management development would make a real contribution on this theme.

The better regulation remains to be a key priority in the context of the Lisbon strategy.

3. *By providing the core services on education, health care and social protection the public administration makes at least an indirect contribution to the Lisbon strategy.* It is worth emphasizing that particularly in the area of public service delivery the role of the regional and local public actors are the most crucial one.

The Lisbon strategy already includes some substantial targets on education and social inclusion. However, the discussion and the attention on the innovative and well-functioning service delivery solutions and management practices on these fields has been rather limited with few exceptions⁷. The Commission's communication with the Council's comments on

⁶ In July 2004 the Competitiveness Council received a research report on "Fostering excellence: Challenges for productivity growth in Europe" (2004, van Ark & Bartelsman). The report raises up several policy questions for governments. The final one of them questions whether there is a further role for policy in strengthening excellence and if so what this role should involve (ibid., 7).

⁷ The education sector has been active in developing e.g. quality assessment framework and tool on the European level. *The European Education Quality Benchmarking System (2EQBS)*, EU Socrates Funded Project with three Partners. See <http://www.utv.mh.se/projekt/2eqbs/>

supporting the national strategies on health-care and social protection by using the open method of coordination might include these topics in the future⁸.

The challenges on demographic change (e.g. the quantity and the quality of the services for the elderly people), structural reforms on delivery structures and processes (e.g. public-private partnerships) and ICT based service delivery (e-administration) are well known. A lot of work is under way on these themes both on the national and the European level. As a policy area of its own, the e-government is already included in the Lisbon strategy (e-Europe).

It would be worth discussing whether the expertise of the public management development might have something to contribute on the field of the public service delivery. In addition to the central administration this would also, and outmost include the regional and local level administrations. The aim would be to identify innovative and effective practices for delivering services to the customers. This would also touch the theme on multi-dimensional governance and the question on how (and by whom) the policies are formulated and implemented throughout the public administration.

IV Aligning the EPAN Network by the Challenges of the Lisbon strategy

Several Councils of Ministers are prepared to present their comments on the mid-term review report (Wim Kok's group) in November-December 2004. Based on different input the Commission will prepare a synthesis report for the European Council meeting in March 2005. *In the case the ministers responsible for public administration would like to contribute to the forthcoming European Council meeting in March 2005, there is a need to agree on the procedure to do that. One option might be to ask the DG-troika to prepare a draft statement for the ministers by the end of the year 2004. Another option would be to ask the Dutch minister to write a letter to his colleagues with a proposal (a request?) to take the issue up in their government's discussions on the Lisbon strategy.*

Regardless of the above mentioned, the ministers responsible for the public administration could ask the EPAN network (Director Generals and working groups) to elaborate the ideas, concrete themes and innovative practices for bringing the public administration to the centre of the Lisbon strategy.

The Lisbon strategy and the public administration should be included to the forthcoming mid-term program.

The ministers would get the first report on the progress in the informal ministerial meeting in June 2005.

⁸ COM 8131/04; The Council on Employment, Social Policy, Health and Consumer Affairs, 4.10.2004.

