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**SUPPORT FOR IMPROVEMENT IN GOVERNANCE AND MANAGEMENT IN CENTRAL AND
EASTERN EUROPEAN COUNTRIES (SIGMA)**

A JOINT INITIATIVE OF THE OECD/CCET AND EC/PHARE

**PUBLIC MANAGEMENT PROFILES
SIGMA COUNTRIES
REVISED EDITION -- 1995**

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SIGMA -- Support for Improvement in Governance and Management in Central and Eastern European Countries -- is a joint initiative of the OECD Centre for Co-operation with the Economies in Transition and EC/PHARE, mainly financed by EC/PHARE. The OECD and several OECD Member countries also provide resources. SIGMA assists public administration reform efforts in Central and Eastern Europe.

The OECD -- Organisation for Economic Co-operation and Development -- is an intergovernmental organisation of 25 democracies with advanced market economies. The Centre channels OECD advice and assistance over a wide range of economic issues to reforming countries in Central and Eastern Europe and the former Soviet Union. EC/PHARE provides grant financing to support its partner countries in Central and Eastern Europe to the stage where they are ready to assume the obligations of membership of the European Union.

Established in 1992, SIGMA operates within the OECD's Public Management Service (PUMA). PUMA provides information and expert analysis on public management to policy-makers in OECD Member countries, and facilitates contact and exchange of experience amongst public sector managers. Through PUMA, SIGMA offers eleven countries a wealth of technical knowledge accumulated over many years of study and action.

Participating governments and the SIGMA Secretariat collaborate in a flexible manner to establish work programmes designed to strengthen capacities for improving governance in line with each government's priorities and SIGMA's mission. The initiative relies on a network of experienced public administrators to provide counselling services and comparative analysis among different management systems. SIGMA also works closely with other international donors promoting administrative reform and democratic development.

Throughout its work, SIGMA places a high priority on facilitating co-operation among governments. This includes providing logistical support to the formation of networks of public administration practitioners in Central and Eastern Europe, and between these practitioners and their counterparts in OECD Member countries.

SIGMA's activities are divided into six areas: Reform of Public Institutions, Management of Policy-making, Expenditure Management, Management of the Public Service, Administrative Oversight, and Information Services.

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INTRODUCTION

Central and Eastern European (CEE) governments face major policy challenges that are severely testing their management capacities. They have introduced post-Communist laws and institutions, but still are learning how to effectively manage the adoption and implementation of official measures. One of the greatest challenges to CEE governments is the need to approximate legal norms to those of the European Union (EU) and other international organisations. Most governments have recently formed bodies and procedures to oversee this process.

In 1992, the OECD's Public Management Committee (PUMA) published public management profiles on each of the OECD Member countries. These were designed to highlight the structure of each administration and allow comparison amongst systems. The new edition of *Public Management Profiles -- SIGMA countries* follows the same basic structure as the earlier PUMA report.

These profiles reveal that each SIGMA country is developing a system of governance drawing on its particular culture and history; economic conditions; administrative and legal practices; and traditions of contact with OECD Member countries, and other countries in transition.

A few countries have passed civil service laws, while others are in the final stages of drafting such laws. A majority have established systems of local government, but difficult issues remain to be resolved concerning intermediary levels, the definitive distribution of responsibilities and the accompanying financing. Across the region, governments have introduced new constitutional courts, ombudsmen and supreme audit institutions.

Six countries have adopted modern public procurement laws or regulations, while others are in the advanced stages of drafting. These measures are contributing to the development of growing private sectors. At the same time, finance ministries are studying ways to improve budget planning, authorisation and implementation to support the effective use of state funds in accordance with established policy priorities.

SIGMA has published these public management profiles to promote understanding among CEE decision-makers and foreign donors of the structures and assignments of public sector bodies. This publication includes updated descriptions of the public management systems of six countries covered in a SIGMA report released in 1993: Bulgaria, the Czech Republic, Hungary, Poland, Romania and the Slovak Republic. Profiles of systems in five newer SIGMA partner countries also appear: Albania, Estonia, Latvia, Lithuania and Slovenia.

This report's country sections describe the institutional structure of government, and consist of seven parts: The State, Judicial Authority, Legislative Authority, Executive Authority, Other Institutions, Delivery System and Statistics. The descriptions have been approved by the countries and is accurate as of 1 January 1995.

SIGMA is grateful to the individuals in the centres of government in the SIGMA countries who, together with Professor Michel Lesage of the *Centre National de la Recherche Scientifique (France)*, prepared the draft profiles.

To learn about key developments in the public sectors of the SIGMA countries since January 1995, readers may turn to *Public Management Forum (Tribune de la Gestion Publique)*, the periodic newsletter for public administration practitioners in Central and Eastern Europe. For more information about this publication and other aspects of the SIGMA Programme, contact: OECD-SIGMA, Information Services, 2, rue André-Pascal, Cedex 16, Paris 75775, France; tel. (33.1)45.24.13.11; Internet: "bart.edes@oecd.org".

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***PUBLIC MANAGEMENT PROFILE
ALBANIA***

(as of 1 January 1995)

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Main Characteristics

The Republic of Albania is a post-communist country that is transforming its political regime to a democracy built on the supremacy of the Constitution and the law. It is also undertaking measures to build up a market economy.

The first free, post-War parliamentary elections were held in March 1992. The Democratic Party won the majority of votes and formed a coalition government. The Parliament (People's Assembly) elected the President of the Republic in April 1992.

The Parliament is preparing a draft Constitution. Until the Constitution is adopted, the constitutional base of Albania is the Law on Major Constitutional Provisions, which was enacted in April 1991 and amended several times in 1992 and 1993.

Recent Reforms and Trends

As of 1 January 1995, the most important reforms underway include:

- *Constitutional and legal reform:* The Parliament has adopted hundreds of new laws in different fields, including the new Civil Code, the first part of the Commercial Code, and the Law on Commercial Companies. It also is preparing the draft Constitution.
- *Economic reform:* The government is emphasising privatisation of the economy, the transformation of state enterprises into commercial companies, and the distribution of privatisation vouchers to the people. New central management institutions, such as the Department for Economic Development and Foreign-Aid Co-ordination, and other bodies, such as the Albanian Centre for Foreign Investment Promotion, have been created to manage related issues and reforms.
- *Administrative reform:* Reforms have focused on the civil service, the structure and operation of the central and local administrations and administrative procedures. The Department for Public Administration, which was established in the Prime Minister's Office in September 1994, is co-operating with ministries and other public administration institutions to prepare a draft Civil Service Law.

1. THE STATE

1.1 Nature of the State

Albania is a parliamentary republic and a democratic state based on the rule of law and political pluralism. The people exercise their power through representative bodies and by the means of referendum.

1.2 Constitutional Base

The Law on Major Constitutional Provisions, which was enacted on 29 April 1991 and amended several times in 1992 and 1993, is the present constitutional base. The provisions of this law will operate until the adoption of the Constitution of the Republic of Albania. The Parliament (People's Assembly) is preparing a draft Constitution.

The Law on Major Constitutional Provisions established the separation of the legislative, executive and judicial powers. The legislative power belongs to the Parliament. The judicial power is exercised by the courts which are independent and guided solely by law.

1.3 Head of State

The President of the Republic of Albania (hereafter referred to as "the President") is the head of state. He represents all the people.

The President is elected by the Parliament, by a two-thirds majority vote of all deputies, for a five-year term. If this required majority is not achieved in the first ballot, a second ballot is held whereby the President is elected by an absolute majority of votes. In the event there are more than two candidates on the first ballot, only the two candidates who received the greatest number of votes can participate in the second ballot. The same person cannot be elected President more than twice successively. Every Albanian national who is at least 40 years old and meets the requirements to be elected a deputy (see section 3.3) is eligible to be a presidential candidate.

The President guarantees the due observance of the Law on Major Constitutional Provisions, others laws, and the respect of the citizens' rights and freedoms. He proclaims the laws and referendums decided by the Parliament, and he can propose a referendum to the Parliament. Within 15 days after the Parliament adopts a law, the President can return the law back to the Parliament with a message explaining his reasons. This message is read in plenary session.

The President nominates a candidate for the position of the Chairman of the Council of Ministers (i.e. Prime Minister) and accepts his resignation. Upon the proposal of the Prime Minister, he appoints, discharges or dismisses, by decree, ministers and others members of the government. Within 10 days, he presents this decree to the Parliament for approval. Upon the proposal of the Prime Minister, he appoints and discharges directors of other central institutions (e.g. Governor of the Bank of Albania), and the directors and the vice-directors of the National Intelligence Service.

In specific cases, he has the right to participate in the meeting of the Council of Ministers and to propose topics for inclusion in the agenda. When the President takes part in the meeting, he chairs the meeting and signs the decisions taken.

The President issues decrees of individual character and decisions. In urgent cases, he also issues decrees of normative character, which are submitted for approval to the Parliament at the earliest possible session. These decrees and decisions are countersigned by the Prime Minister and, depending on the case, by the relevant minister or a person of equivalent rank.

After obtaining the opinion of the Prime Minister and of the Speaker of the Parliament, the President may dissolve the Parliament before its current term expires when the Assembly is unable to perform its functions. In this case, new parliamentary elections are held no later than 45 days after the Assembly's dissolution.

On a case by case basis, and following the signature of the Prime Minister, the relevant minister or a person of equal rank, the President concludes international treaties and agreements, and ratifies and denounces those not examined by the Parliament itself. He appoints and discharges diplomatic representatives upon the proposal of the Prime Minister.

The President is the general commander of the armed forces and chairman of the Council for Defence, which was established to direct, organise and mobilise all the country's forces and resources for defence. When it is impossible for the Parliament to convene, the President can declare a state a war in the event of an armed aggression against the Republic of Albania. He can also declare partial and general mobilisation as well as a state of emergency. In these cases, the President must submit the declaration for the Parliament approval within five days of its announcement.

The President is not responsible for the acts undertaken during his term of office, with the exception of acts of high treason or violation of the law or the Law on Major Constitutional Provisions. In such cases, upon the request of no less than one-fourth of the deputies, the Parliament decides by secret ballot if the President is responsible for the act. This decision is adopted by a two-thirds majority vote of all deputies.

2. JUDICIAL AUTHORITY

2.1 Legal System

The Albanian legal system is a continental one and is presently undergoing reform. A new Civil Code, effective since November 1994, has been adopted as well as the first part of the Commercial Code and the Law on Commercial Companies. Drafts of the Criminal Code and of the Criminal Procedure Code are being considered by the Parliament. The draft Civil Procedure Code and the others parts of the Commercial Code also are being prepared.

The hierarchy of legislative and administrative acts is as follows :

- constitutional law;
- laws adopted by the Parliament;
- decrees of the President of a normative character which have been approved by the Parliament;
- decisions, orders and instructions of the Council of Ministers;

- orders, regulations and instructions of the ministers;
- decisions and orders of prefects;
- decisions and orders of the councils of district, municipalities and communities; and
- decisions and orders of the chairmen of municipalities and communities.

2.2 Court Structure

2.2.1 Constitutional Court

The Constitutional Court is the highest authority that protects and guarantees the Constitution. In exercising its function, the Constitutional Court is independent and subject only to the Constitution.

The Constitutional Court is composed of nine members: five are elected by the Parliament and four are appointed by the President. The court's members are selected from among lawyers who have been working no less than ten years in juridical activities or as lecturers at the Faculty of Law. One-third of the members are renewed every three years. The members elect by a secret ballot the court's Chairman, who holds this office for three years with the right of re-election.

The primary functions of the Constitutional Court are to:

- interpret the Constitution and constitutional laws;
- judge whether laws, acts that have the force of law and regulatory provisions are compatible with the Constitution and the law;
- examine the compatibility of international agreements, concluded in the name of the Republic of Albania, with the Constitution before the agreement's ratification;
- decide if laws comply with generally accepted norms of international law and with international agreements to which Albania is a party;
- resolve disputes concerning competency between the executive, legislative and judicial powers as well as those between local authorities and the central government;
- resolve conclusively complaints made by persons claiming that their basic constitutional rights have been violated by illegal acts;
- decide questions concerning the constitutionality of parties and other political and social organisations; the Court can prohibit their activities;
- examine questions concerning the lawfulness of the presidential and parliamentary elections;
- proclaim the final results of people's referendums and decide questions related to the conduct of a referendum; and
- investigate a criminal accusation raised against the President.

The Constitutional Court can initiate constitutional review on its own initiative or following a motion made by any of the following: the President, a parliamentary group, one-fifth of all the parliamentary deputies, the Council of Ministers, the courts, local government bodies or any person claiming that his constitutional rights or freedoms have been violated.

When the Court determines that a law, act, regulatory provision or other legal instrument violates the Constitution or the law, it decides to suspend implementation of the law or to repeal the law. It can also take other measures it deems appropriate for adjudicating the question.

When the Court finds that a right protected by constitutional law has been violated, it recognises and guarantees this right and, if necessary, takes action to remedy the consequences of this violation and to make appropriate compensation. The Court can also ask state bodies, social organisations and judicial persons to abrogate, cancel, or change the individual decision that caused this infringement of an individual's constitutional rights.

The Constitutional Court decides by a majority of the judge's votes. The judges in the minority have the right to attach their written dissenting opinion to the court decision.

2.2.2 Ordinary Courts

The hierarchy of ordinary courts consists of:

- 36 districts courts which are the court of the first instance for civil and criminal matters;
- the military court;
- two courts of appeal (one for civil and criminal matters and one for military matters); and
- Court of Cassation, which has three chambers (civil, criminal and military).

The Supreme Council of Justice is the sole body that determines the nomination, replacement and disciplinary responsibility of judges of the courts of the first instance and the courts of appeal, and of the General Prosecutor (see section 2.3). This council is headed by the President of the Republic and is composed of the President of the Court of Cassation, the Minister of Justice, the General Prosecutor and nine lawyers. These nine lawyers are elected once every five years, without the possibility of re-election, at the general meeting of the Court of Cassation and the General Prosecutor's Office. The judges of the courts of the first instance and of the courts of appeal have immunity and cannot be removed from their office while performing their functions.

The judges of the Court of Cassation are elected by the Parliament. This court's President and Vice-President are elected on the proposal of the President of the Republic for seven years, with the possibility of re-election.

2.3 General Prosecutor's Office

Criminal prosecution is exercised by the General Prosecutor's Office, which functions within the judicial branch as a unique and centralised body. The General Prosecutor and his assistants are elected by the Parliament on the proposal of the President of the Republic.

3. *LEGISLATIVE AUTHORITY*

3.1 **Main Bodies**

The Parliament (People's Assembly) is the highest body of state power and the only legislative body in Albania. The current Parliament consists of 140 deputies elected for a four-year term. The Parliament holds its sessions no less than twice a year.

The Parliament has the authority to:

- define the main directions of the state's domestic and foreign policy;
- adopt and amend the Constitution and laws;
- adopt the economic and social programmes for the country's development, and the state budget, proposed by the Council of Ministers;
- declare partial or general mobilisation, a state of emergency or a state of war in case of an armed aggression against the Republic of Albania or when such action is necessary to fulfil obligations deriving from international treaties;
- ratify or denounce main treaties;
- grant amnesty;
- decide to hold a people's referendum;
- elect and remove the President of the Republic of Albania;
- control the activity of the Council of Ministers and the General Prosecutor's office;
- oversee the activity of the Albanian Radio and Television, the Albanian News Agency and other official media or public information sources which are under its authority (The status of these institutions is defined by law.);
- determine the administrative-territorial structure of the country; and
- decide on the creation or dissolution of ministries or other bodies equal to them.

The legislative process can be initiated by the President of the Republic, the Council of Ministers, a parliamentary deputy, or a group of at least 20 000 citizens having the right to vote.

The laws and other acts of the Parliament, except for constitutional acts, are considered adopted when they are approved by the majority of the deputies present, but by no fewer than one-third of the deputies. The laws are proclaimed by the President no later than 15 days following Parliament's approval. They enter into force 15 days after being published in the Official Gazette, unless otherwise stated in the law or in the case of organic laws.

The Parliament approves the composition of the government and its programme by majority vote within five days after their submission. The deputies have the right to forward at any time a lack-of-

confidence motion to the Council of Ministers or any of the Council's members. The lack-of-confidence motion must be signed by at least one-tenth of the deputies and cannot be acted upon in Parliament until three days after its presentation. In the event the Prime Minister does not receive the Parliament's vote of confidence, he immediately submits his resignation to the President of the Republic. The President then nominates a new Prime Minister for the Parliament to consider.

The Parliament's disapproval of a proposal forwarded by the government does not bring about the compulsory resignation of the government.

The Parliament elects its presidency, which consists of the Chairman and two vice-chairmen. The sessions of the Parliament are convened upon the decision of its presidency and when the President, the Council of Ministers or one-quarter of the deputies asks the presidency to convene a session.

3.2 Associated Structures

The Parliament forms permanent and temporary commissions. There are currently 10 permanent commissions:

- Constitutional and Legal Matters, and Local Government Bodies;
- Foreign Policy and International Relations;
- Economic, Budget, Finance and Trade;
- Agriculture and Food;
- Industry, Energy, Construction, Transport and Postal Telecommunication;
- Education, Science, Social Matters and Public Services;
- Culture and Public Information;
- Defence, Public Order and National Intelligence Service;
- Mandates, Immunity and Regulation; and
- Human Rights.

The permanent commissions examine draft laws and the normative decrees of the President; monitor and control the activity of the ministries and other state bodies in accordance with their respective areas; and submit issues to the Parliament or the Council of Ministers. The temporary commissions are set up to examine specific issues.

3.3 Electoral System

The deputies of the Parliament are elected for a four-year term. The number of deputies and the electoral system are defined by law. In the 1992 parliamentary elections, 140 deputies were elected.

Albania uses a dual electoral system :

- 100 deputies are elected directly in the election zones as independent candidates by a two-round, majority vote system;
- The other 40 deputies are elected from lists nominated by their party or by a coalition of parties. They are elected according to a proportional system based on the proportion of votes the party received in the majority vote system.

Any Albanian national over 21 years old is eligible for the Parliament.

4. EXECUTIVE AUTHORITY

4.1 Central Government

4.1.1 *Head of the Government*

The head of the government is the Prime Minister. In his role as Chairman of the Council of Ministers, he represents the Council of Ministers, presides over its meetings and directs its general activity. He establishes the agenda for meetings of the Council of Ministers and ensures that the meeting's documentation is prepared. He also chairs preliminary meetings organised with relevant ministers and mediates among them to obtain consensus.

4.1.2 *Office of the Head of Government / Office of the Government*

The Prime Minister is assisted by a team of advisors (approximately 10) who are chosen on a non-political basis to give him technical advice on matters within the competence of the Council of Ministers.

The Secretary General of the Council of Ministers, who is also a member of the Council of Ministers, deals with the administrative issues related to the Council's functioning and organises inter-ministerial meetings.

4.1.3 *Central Policy-making / Co-ordinating Bodies*

The supreme body of the executive power is the Council of Ministers. Its rights and duties are defined by the Law on Major Constitutional Provisions. The Council of Ministers ensures the unified political and administrative management of the government and co-ordinates the tasks and functions of the ministers and central institutions.

The Council of Ministers has 16 members: the Prime Minister who serves as Chairman; two Vice-Chairmen, who are also the ministers of Finance and of Construction and Tourism; the secretary-general of the Council of Ministers; the other ministers in charge of a ministry; and the Chairman of the Committee of Science and Technology.

The Council of Ministers is a collective body. Its decisions are adopted when approved by the absolute majority of its members. The council meets, in principle, every week to make decisions and to discuss new legislation. It is chaired by the Prime Minister and, in specific cases when the President has the right to participate, by the President.

The Council of Ministers directs the implementation of the State's domestic and foreign policy, realises the general governance of the state administration, and directs and controls the activities of ministers and other central bodies of state administration. It also manages the realisation of work in the field of national defence in conformity with the decisions of the Council of Defence (see section 1.3).

4.1.4 *Consultative / Advisory Body*

Three inter-ministerial committees, functioning as consultative bodies of the Council of Ministers, will be established in early 1995 according to the new rules for the functioning of the Council of Ministers prepared in December 1994.

These inter-ministerial committees aim to co-ordinate and define governmental policies in important fields of state administration activity, specifically economic, social and national security policy. The committee meetings are chaired by Prime Minister, or by a member of the Council of Ministers authorised by the Prime Minister. The committees organise their meetings at the request of the Prime Minister, who defines the meeting agenda. The committees examine drafts laws and draft Council of Ministers decisions in their respective policy fields, and provide the Council of Ministers with their comments, evaluations, and recommendations as input to the Council's final decision.

The Committee of Economic Policy is composed of the Ministers of Finance, Agriculture and Food, Mineral Resources and Energy, Industry, Transport and Trade, and Construction and Tourism, and the Director of the Department for Economic Development and Foreign Aid Co-ordination (see section 4.1.5). The Governor of the Bank of Albania (see section 4.1.7) also is invited to take part in committee meetings. The committee examines issues related to the compilation, implementation and evaluation of economic policy, and the preparation of the state budget and macroeconomic reform. With the establishment of this committee, the former advisory body of the government called the Group for Co-ordination of Economic Policy terminates its functions.

The Committee of Social Policy consists of the Ministers of Labour, Emigration, Social Welfare and Ex-Political Prisoners; Finance; Health and Environment Protection; Education; and Culture, Youth and Sports. The chairman of the Committee of Science and Technology, and the Director of the Public Administration Department (see section 4.1.5) also are committee members. The committee addresses issues concerning the compilation, implementation and evaluation of social policy, employment, social protection, social and health insurance and training.

The National Security Policy Committee is composed of the Ministers of Interior, Defence, Justice, and Foreign Affairs, and the chairman of the National Information Service. The General Prosecutor (see section 2.3) also is invited to participate. The committee considers issues dealing with public order, defence, foreign policy, and European integration, including the co-ordination and harmonisation of legislation.

4.1.5 Central Management Bodies

Financial Resources Management

The Ministry of Finance is responsible for preparing the draft state budget in collaboration with other ministries. The procedures for the formulation, enactment and implementation of the state budget are defined by law. The draft state budget is adopted by the government and submitted to the Parliament for approval. The budget year is the calendar year.

The central administration budget currently represents about 70 per cent of the state budget. The local budget and the social security budget make up approximately 20 per cent and 10 per cent, respectively. The state budgetary system is being reformed to separate the local budget and the social security budget from the budget for the central administration.

Economic Development and Foreign Aid Co-ordination

The Department for Economic Development and Foreign Aid Co-ordination was created in June 1994 under the authority of the Council of Ministers.

The Department co-ordinates foreign aid within the government and externally with donor countries and bodies. Its two key instruments of work are the medium-term programme of the government

and the Public Investment Programme (PIP). The Department prepares the PIP, in co-operation with the Ministry of Finance and pertinent ministries, and submits it every year to the government. The PIP includes the proposed annual investments' budget, financed either by internal or external resources, as well as the Technical Co-operation Programme (TCP).

In co-operation with the Ministry of Finance and the Bank of Albania, the department also analyses the economic situation of the country, determines the economic development and investments' framework and the amount and conditions of the new credits which are envisaged. The department is responsible for submitting the global aid requirements to the donors, analysing the donors' proposals and co-ordinating negotiations with pertinent ministries about the foreign aid support needed for the government's economic reform programme.

The line ministries, in the role of the executing agency, are responsible for implementing the sectorial projects and programmes.

The department has two divisions. The PIP division, working in close relation with the ministries, defines the public investment priorities and policies for the different sectors. The co-ordination division deals with the donor countries, multilateral, economic and technical assistance bodies and international financing institutions and bodies.

Public Administration

The Public Administration Department was established in September 1994 under the authority of the Council of Ministers. It co-operates closely with the ministries and other institutions of the central public administration in performing the following tasks:

- prepare the draft regulation of the structures, tasks and functions of the central public administration, in co-operation with the ministries and other central public administration institutions, and submit it to the government;
- elaborate the general policy for the training, recruitment, and promotion of civil servants, prepare a regulation concerning these issues and control its implementation;
- organise the reform of the salary and rewards systems for civil servants in conjunction with the ministries of Labour, Emigration, Social Welfare and Ex-Political Prisoners, and Finance; and
- co-ordinate and ensure the implementation of technical assistance provided for public administration.

Human Resources Management

The human resources management system is being reformed. The government, with the Department of Public Administration as the coordinator, is preparing a draft law to introduce a civil service system. The Ministry of Labour, Emigration, Social Welfare and Ex-Political Prisoners is responsible for general employment policy. In co-operation with this ministry, the Department for Public Administration is responsible for organising reforms to the salary and rewards systems of civil servants.

4.1.6 Line Ministries

The ministries are established and dissolved by the Parliament. Albania has 13 line ministries as follows:

- Agriculture and Food;
- Construction and Tourism;
- Culture, Youth and Sport;
- Defence;
- Education;
- Finance;
- Foreign Affairs;
- Health and Environment Protection;
- Industry, Transport and Trade;
- Interior;
- Justice;
- Labour, Emigration, Social Welfare and Ex-Political Prisoners; and
- Mineral and Energy Resources.

The minister directs the ministry and is responsible for the ministry's activity. As a general rule, each ministry has a vice-minister. In addition, the Ministry of Interior has a Secretary of State for Local Government and the Ministry of Foreign Affairs has a Secretary of State for Foreign Economic Relations.

The minister adopts orders, regulations and instructions to implement the laws, orders and decisions of the Council of Ministers. The acts of ministers of normative character must be published in the Official Gazette, except specific cases established by law.

4.1.7 Other Bodies

In addition to the ministries, a number of other organisations play an important role in central government management. They are responsible for carrying out specific tasks in a given field of activity. These organisations are lower in rank than the ministries. Their directors are not members of the government, but they report directly to the government. These central government bodies include:

The Bank of Albania

The Bank of Albania has full authority for the emission of money and for monetary policy. The President appoints the bank's Governor on the proposal of the institution's Supervisory Board. The government appoints the Deputy Governor on the proposal of the Governor. Both the Governor and the Deputy Governor are appointed for six years and their appointment is renewable. The Supervisory Board has six members, including the Governor and Deputy Governor, a member appointed by the Minister of Finance, and three members appointed by the President, on the proposal of the government.

The National Agency of Privatisation (NAP)

The National Agency of Privatisation was established under the authority of the Council of Ministers to direct the transformation of state property into private property. It is responsible for the management, organisation and co-ordination of the entire process of privatisation and, in particular, has full authority concerning the methods of privatisation.

Albanian Centre for Foreign Investment Promotion (ACFIP)

The Albanian Centre for Foreign Investment Promotion was established in 1993. It is responsible for promoting foreign direct investment (FDI) through information distribution, consulting, and establishing partnerships. The centre is also an advisory body of the government for problems concerning FDI.

The Enterprises Restructuring Agency (ERA)

The Enterprises Restructuring Agency was created in 1993 to supervise the restructuring of, and to give technical and economical assistance to, approximately 30 enterprises. After studying the situation of the enterprises, the agency decides on new management, gives funds and easy credit and can decide to totally or partially privatise the enterprises.

4.1.8 Central Representation at Local Level

The central government is represented at the local levels by the prefects in the 12 prefectures. Each prefecture has three or four districts under its jurisdiction.

The prefects are appointed by the government. They must be more than 30 years old and have a higher education. They have two tasks: 1) to guarantee, by filing complaints with the district court, the legality of the administrative decisions made by local authorities; 2) to co-ordinate the activities of bodies in charge of state services at the local level. The prefect issues decisions and orders in the framework of these two competencies.

Each prefecture has an Administrative Council which is chaired by the prefect and composed of the president of each district council in the prefecture and the chief of state services in the prefecture. The council meets at least once every three months. Its decisions are compulsory for the bodies in charge of state services in the prefecture and they are implemented through the prefect's cabinet.

4.2 Subnational Government

4.2.1 Regional Government

The prefect is the authority entrusted with regional government (see section 4.1.8).

4.2.2 Local Government

The organisation and functioning of the local government is based on the principles of self-government, independence, local autonomy and decentralisation. Local government bodies are elected directly by the people through free, general, equal and secret vote.

There are two levels of local government:

- communes (315) and municipalities (45); and
- districts (36).

The communes and the municipalities are the smallest local governmental units. The commune is composed of a number of villages or of a small town with some villages. The commune governing bodies are the council and the chairman of the commune. The chairman is directly elected by the citizens.

The municipalities are set up in towns which have not been included in communes. The governing bodies of the municipalities are the council and the mayor. The mayor is directly elected by the citizens.

The district is composed of a number of communes and municipalities which are interdependent. The representative body is the district council. The council members are elected directly by the citizens through a proportional system. The district's executive bodies, the presidency (five to seven persons depending on the administrative territory of the district) and its president, are elected by the district council. The district's governing bodies are responsible for co-ordinating the activity of the communes and municipalities in their district.

The powers of local government bodies are defined by law. Local government bodies are legal entities. They may issue normative acts which have effect within their respective, administrative territorial units. They have assets and property recognised by law, exercise economic activity within and outside their territory and have their own budget. The financial resources of local government, their use and their obligations toward the state are defined by law. Local resources represent about 15 per cent of the local government budget and state subsidies represent about 85 per cent.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

The State Control Service is the highest body of economic and financial control. It is independent and is subject only to the Constitution and the law. The service reports to, and is accountable to, the Parliament.

The Chairman and the Vice-Chairman of the State Control Service are appointed and discharged by the Parliament, according to the regulation established by law. The service's organisation and competencies are defined by law.

5.2 Trade Unions

The Law on Major Constitutional Provisions guarantees the right of employees to freely associate in a trade union to protect their interests concerning labour and social insurance. The Law of Trade Union, which was adopted on 7 October 1991, guarantees the free organisation and activity of trade unions. All workers can be members of trade union without any political, ideological or religious restrictions. Trade unions can be organised in the public and private sector on the basis of branch, profession or territory.

6. DELIVERY SYSTEM

Albania's public service delivery system is in the process of transformation.

6.1 Education

The basic principles of the Albanian educational system are included in the Law on Major Constitutional Provisions, the Higher Education Law and the Educational System Law.

The public educational system is financed by state budget and is under the authority of the Ministry of Education.

The educational system is composed of preschool facilities; primary schools; secondary schools (general and vocational) and institutions of higher education (universities and non-university institutions). University autonomy is guaranteed by law.

6.2 Health

The Law on Major Constitutional Provisions provides for all Albanian citizens the equal right to health care by the state.

The Health Care Law regulates the organisation of health service in state and private health institutions. The Ministry of Health and Environment Protection creates state health institutions and authorises the creation of private health institutions under certain regulations.

6.3 Social Welfare

The Ministry of Labour, Emigration, Social Welfare and Ex-Political Prisoners is the main institution responsible for social and employment policies.

In addition, the Employment, Self-employment and Training Fund, an independent government agency, was established in 1993 to channel public resources to projects proposed by enterprises and private entrepreneurs in the area of new training for workers, re-training workers from the former state-owned enterprises, and implementation of modern labour policies.

7. STATISTICS

President of the Republic: Sali BERISHA (Democratic Party)

Prime Minister: Aleksander MEKSI (Democratic Party)

Party Representation in Parliament (People's Assembly), as of 1 January 1995:

	Percentage (to the nearest tenth)	Seats
Democratic Party	60.0	84
Socialist Party	27.1	38
Social Democrat Party	5.0	7
Independents (Democratic Alliance Party)	4.3	6
Independents (Right Democratic Party)	1.4	2
Party for the Union of Human Rights	1.4	2
Republican Party	0.7	1
Total	100	140

Some Important Data from the 1994 Albanian Budget
(thousands of Leks¹)

Total State Expenditure (including current and capital): **74 140 000**

Expenditure of the Main State Bodies:

President of the Republic	32 000
Parliament (People's Assembly)	122 000
Office of the Government	47 000
Ministry of Mineral and Energy Resources	835 500
Ministry of Agriculture and Food	755 000
Ministry of Construction and Regulation of Territory	4 823 838
Ministry of Transport and Communication	980 162
Ministry of Industry and Trade	376 000
Ministry of Tourism	16 000
Ministry of Finance	93 000
Ministry of Education	6 028 000
Ministry of Culture, Youth and Sport	406 000
Ministry of Health and Protection of Environment	4 934 000
Ministry of Justice	306 000
Ministry of Foreign Affairs	699 000
Ministry of Public Order	2 355 000
Ministry of Defence	4 190 000
Committee for Ex-Political Prisoners	1 142 000
Committee for Science and Technology	38 000
 Subtotal	 27 199 033
 Other Institutions:	
Local Government	518 427
Social Security	10 627

Total	27 728 087

¹ On 1 January 1995, the exchange rates were:
(Sources: Bank of Albania and Eurostat)

1 US\$ = 94.3 Leks
1 ECU = 76.6 Leks

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***PUBLIC MANAGEMENT PROFILE
BULGARIA***

(as of 1 January 1995)

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Main Characteristics

The new Bulgarian Constitution was adopted by the Parliament (Grand National Assembly) in July 1991. Although the Parliament was still dominated by the Socialist Party, adoption of the new Constitution marks the changes in the country and responds to the people's demand to live in a democratic society.

Unlike the changes in other central and eastern European countries -- that is, the events in Hungary in 1956, in Prague in 1968, in Poland in 1981, and in Romania in 1989 -- no such change had ever taken place in Bulgaria.

The 1990 summer general election saw the success of the Bulgarian Socialist Party (the renamed and changed Communist Party) in the country. Strikes as well as parliamentary and government crises led to new elections in the autumn of 1991. The general and local elections of October 1991 gave rise to a new Parliament (National Assembly) -- with a majority of the Union of the Democratic Forces, an umbrella movement comprising most of the non-Communist formations in the country -- and to a non-coalition government. In December 1994, the Bulgarian Socialist Party won the general elections and obtained an absolute majority in Parliament.

Recent Reforms and Trends

Following the restoration of democracy in 1989, Bulgaria entered a period of intense reform.

Economic reform is comprised of a number of laws dealing with business law, securities and exchange, banking, protection of foreign investment, competition and privatisation.

Administrative reform is expressed mainly through changes in the structure of the central administration (to correspond to the requirements of the transition to a market economy) and through a decentralisation policy established by the Local Self-government and Local Administration Law of 1991, by the amendments of the Labour Code and by governmental acts specifying the functions of the ministries.

1. THE STATE

1.1 Nature of the State

Bulgaria is a parliamentary republic and a unitary state with local self-government. Autonomous territorial formations are not permitted.

Article 1 of the Constitution proclaims the fundamental principle that the power of the state is derived from the people and that the people exercise this power directly or through bodies established by the Constitution. No political party, organisation, state institution or individual may violate that sovereignty.

1.2 Constitutional Base

The Constitution of 1991 confirmed the separation of powers and envisaged measures designed to enforce a system of checks and balances. This replaced the principle of unity of powers that was linked with the domination of the Communist Party over the past 45 years.

The new Constitution has paved the way for detailing new laws and for delegated legislation. Clause 3 of the Transitional and Concluding Provisions of the Constitution states that existing laws shall be applicable insofar as they do not contradict the Constitution.

Most of the laws required expressly by the Constitution to apply provisions or to create an appropriate legal base for the delegated legislation have been passed by the Parliament (National Assembly), or are in an advanced stage of parliamentary consideration.

Judicial authority, as envisaged by the Constitution, will be functional after passage of the new structural and procedural laws.

1.3 Head of State

The President of the Republic is the head of state. He embodies the unity of the nation and represents the state in international relations. He is assisted by a Vice-President.

Considering his functional profile it could be summarised that the President is a typical arbitrator of the nation. Chosen to settle differences, the President acts by himself and embodies the most powerful prerogatives defined by his status in times of political or social crisis.

The President is the supreme commander-in-chief of the armed forces and presides over the Consultative National Security Council. He is elected directly by the voters for a five-year term and is eligible for re-election once to the same office. Election procedures are established by the President and Vice-President Election Law, adopted by the Parliament in March 1990 and amended in November 1991.

Any natural-born Bulgarian citizen over 40 years of age who has resided in the country for five years preceding the election, does not hold another citizenship, is not under a judicial interdiction and is not serving a prison sentence is eligible to become President. The President may not be a member of the Parliament; be engaged in any other state, public or economic activity; or participate in the leadership of a political party.

The President plays a relatively formal role in the appointment of the Prime Minister. After consultation with parliamentary groups, he issues an exploratory mandate for the candidate nominated by the most important parliamentary group. If, in the next seven days the candidate does not succeed in constituting the Council of Ministers, the President designates the candidate nominated by the second most important parliamentary group. If the members of the Council of Ministers are not proposed, the President must, within seven days, nominate a candidate put forth by one of the other parliamentary groups.

If the exploratory mandate is successful, the President proposes to the Parliament to elect the candidate as Prime Minister. If there is no agreement for the formation of a government, the President appoints an interim government, dissolves the Parliament, and sets a date for new elections.

Under the new Constitution, the President's functions are primarily representative. He does not have the authority to initiate legislation or to issue normative acts. The President's most powerful prerogative under normal circumstances is to return a draft law (a bill) together with the bill's motives to the Parliament for further debate. This return which is called a re-consideration veto, cannot be denied. Passage of a bill requires a majority vote of all members of the Parliament. After the Parliament passes the bill, the President must promulgate it within seven days.

The President determines the borders of administrative territorial units and their centres; appoints and dismisses the heads of Bulgaria's diplomatic and permanent missions to international organisations (in both cases on a motion from the Council of Ministers); receives the credentials and the letters of recall of foreign diplomats; awards orders and medals; grants, restores, and withdraws Bulgarian citizenship; grants asylum and pardons; and cancels uncollectible debts to the state.

Presidential functions also include the power to proclaim a state of war, martial law or any other state of emergency whenever the Parliament is not in session and cannot be convened. On a motion from the Council of Ministers, the President can proclaim general or partial mobilisation of troops, appoint and dismiss high-ranking commanders of the armed forces and bestow all higher military ranks.

The President's highest legal authority derives from issuing edicts. Some edicts must be counter-signed by the Prime Minister or other ministers. Edicts not requiring counter-signature include appointing an interim government and a Prime Minister-designate; dissolving the Parliament; issuing a re-consideration veto; promulgating laws; and scheduling elections or referenda.

The new Constitution envisages a presidential impeachment procedure and states the cases in which the President's authority may expire before the end of his term of office.

2. JUDICIAL AUTHORITY

2.1 Legal System

The Bulgarian legal system is a continental type of system, characterised by many laws and sub-laws -- edicts, decrees, rules, regulations, instructions, orders, and resolutions. The Constitution lays the foundation of the legal system and states explicitly which body may issue each kind of legal act.

The Law on Normative Acts (1973) specifies the subject and formal characteristic of each type of legal act. This law is being revised in the context of ongoing legal reform in Bulgaria. Reform will be carried out in line with European law as part of Bulgaria's increased association with the European Union.

The Bulgarian legal system distinguishes between criminal and civil justice. Criminal justice is regulated by the Penal Code (1968) and the Criminal Procedure Code (1974). Civil justice was not codified during the last fifty years. It is currently regulated by several different laws. Issues of civil procedure are regulated by the Civil Procedure Code (1952).

Public administration procedures are detailed in the Administrative Procedure Law (1979) and the Administrative Offenses and Punishments Law (1969). The Administrative Procedure Law regulates government agencies.

The Bulgarian legal system is hierarchical in structure: at the top are the acts of the Parliament (the Constitution and its laws and resolutions), followed by acts issued by the Council of Ministers (decrees, regulations, rules, instructions and decisions). They are followed by acts issued by ministers and lastly acts issued by municipal authorities.

International treaties which have been ratified by a constitutionally-established procedure are considered domestic legislation and supersede any domestic legislation stipulating otherwise.

2.2 Court Structure

Court structure and practice are still being reformed and are not yet embodied by law. According to the Constitution, justice in Bulgaria will be administered by the following courts:

- Supreme Court of Cassation (final court of appeal in civil law);
- Supreme Administrative Court;
- Courts of Appeal;
- Courts of Assizes (for criminal cases);
- Martial Courts; and
- District Courts.

No extraordinary courts exist, although specialised courts may be set up by law.

Despite the adoption of a new law on judicial power in 1994, the judicial reform is still being pursued, and the Supreme Court of the Republic currently performs the functions of the Supreme Court of Cassation and the Supreme Administrative Court. The Presidium of the Supreme Court sets out guidelines in a yearly edition of the Supreme Court Decisions. These decisions are binding on every court. Court hearings are conducted in public unless provided otherwise by law.

The Prosecutor General's Office is an investigating body. Its structure is like that of the courts. Justices, prosecutors and investigating magistrates are elected, promoted and dismissed by the Supreme Judicial Council. The Supreme Judicial Council consists of 25 members: 11 elected by the Parliament; 11 elected by the bodies of the judiciary authority; and a Chairman of the Supreme Court of Cassation, a Chairman of the Supreme Administrative Court and a Chief Prosecutor. The latter three sit *ex officio* on the Council.

Members of the Supreme Judicial Council serve terms of five years and are not eligible for immediate re-election. The Minister of Justice chairs the body's meetings. He is not entitled to vote.

The Chairman of the Supreme Court of Cassation, the Chairman of the Supreme Administrative Court and the Chief Prosecutor are appointed by the President of the Republic on a motion from the

Supreme Judicial Council for a period of seven years. They are not eligible for a second term in office. The President cannot deny an appointment or dismissal in a repeated motion.

After three years in office, prosecutors and investigating magistrates may not be replaced.

The bar is free and independent.

2.2.1. *Constitutional Court*

The Constitutional Court is separate from the traditional judiciary authority. The court consists of 12 justices elected or appointed for a period of nine years. They are not eligible for re-election or re-appointment. Four justices are elected by the Parliament, four are elected by a joint meeting of the justices of the Supreme Court of Cassation and the Supreme Administrative Court and four are appointed by the President.

The Constitutional Court provides binding interpretations of the Constitution and rules on challenges to the constitutionality of Acts of the Parliament and the President. In the case of a discrepancy between a law and the Constitution, the Supreme Court of Cassation or the Supreme Administrative Court suspends the proceedings on a case and refers the matter to the Constitutional Court.

The Constitutional Court acts on an initiative from one-fifth of all members of the Parliament, the President, the Council of Ministers, the Supreme Court of Cassation, and the Supreme Administrative Court or the Chief Prosecutor.

The Law on Constitutional Court (August 1991) established the structure and procedures for the Constitutional Court.

3. *LEGISLATIVE AUTHORITY*

3.1 *Main Bodies*

The Parliament (National Assembly) is vested with legislative authority and exercises parliamentary control. The Parliament consists of 240 members elected for a term of four years.

The Parliament is a permanent body. It holds sessions when more than half of the Parliament's members are present. Except when a qualified majority is required by the Constitution, the Parliament may pass laws, resolutions, declarations, and addresses by a majority vote of all members present. Laws and resolutions are obligatory for all state bodies, organisations and individuals. Sessions are open except when otherwise resolved by the Parliament.

The Parliament has authority to adopt laws, approve the budget, establish taxes, approve state-loan agreements, and grant amnesty.

The Constitution lists the international instruments which must be ratified or denounced by the Parliament. Treaties ratified by the Parliament may be amended or denounced by a built-in procedure or in accordance with universally acknowledged norms of international law.

Any member of the Parliament or the Council of Ministers may introduce a bill. The State Budget Bill is drafted and presented by the Council of Ministers. Passage of a bill requires two separate votes during different sessions of the council. Other Parliamentary acts require a single ballot. Once passed, acts must be announced in the State Gazette within 15 days.

The Parliament elects and dismisses the Prime Minister and on his motion, the members of the Council of Ministers. It also creates, transforms and closes ministries on a Prime Minister's motion.

Proposal of a vote of no-confidence in the Council of Ministers requires agreement by one-fifth of the deputies of the Parliament. Adoption of a vote of no-confidence requires agreement of more than half of all deputies. If the Parliament adopts a vote of no-confidence, the Prime Minister dismisses the government.

Members of the Parliament have the right to interpellate the Council of Ministers as a whole or ministers individually. A motion by one-fifth of the members of the Parliament is required in order to turn an interpellation into a debate.

The Parliament also elects and dismisses the Governor of the Bulgarian National Bank and schedules national referenda and presidential elections.

3.2 Associated Structures

The Parliament is organised and acts in accordance with the Constitution and its internal rules. The Parliament Organisation and Activity Rules define the structure of the Parliament, the order according to which internal units are constituted and the legislative process.

The Chairman of the Parliament (Speaker) is elected during its first session. He is assisted by no more than five vice-chairmen, according to the rules. The Parliament elects permanent and *ad hoc* committees from among its members. Permanent committees are advisory and control bodies that play an important role in drafting legislation. Committees with a broad scope of activity may create sub-committees.

While it is common practice to consult experts, committee meetings are closed sessions. *Ad hoc* committees are elected to conduct inquiries and investigations. No Member of the Parliament may participate in more than two committees. Individuals summoned by a committee are obliged to testify and present any required documentation.

There are 20 permanent committees to the Parliament. They are the:

- Foreign Affairs;
- National Security;
- Budget and Finance;
- Economic;
- Youth, Sport and Tourism;
- Health Care;
- Education and Science;
- Radio, Television and the Bulgarian Telegraph Agency;
- Agriculture and Forest Committee;
- Control over Political Parties' Income, Expenditure and Assets Committee;
- Culture Committee;

- Protection of Environment and Water Committee;
- Human Rights and Religion Committee;
- Labour, Social Security and Demographic Issues;
- Structure and Organisation of State Bodies Activities;
- Self-governments, Territorial Administrative Organisation and Regional Policy;
- Parliamentary Ethics;
- Energy and Energy Resources;
- Corruption; and
- Development of Mountainous, Semi-mountainous and Border Areas.

3.3 Electoral System

Bulgaria's electoral system is based on Constitutional provisions and the Parliament, Self-government and Mayors Election Law (1991). It is a system of party lists.

Elections for a new Parliament must be held within two months after the mandate of the current Parliament expires.

Any Bulgarian citizen over the age of 21 who does not hold another citizenship, is not under a judicial interdiction and is not serving a prison sentence, is eligible for election to the Parliament.

4. EXECUTIVE AUTHORITY

4.1 Central Government

4.1.1 Head of Government

The Prime Minister heads, co-ordinates and bears responsibility for the overall policy of the government. He is elected by the Parliament for a term equal to that of the Parliament mandate. He is the only member of the government elected directly by members of the Parliament. The Prime Minister is the supreme authority in the government. He is assisted by deputy prime ministers.

The Prime Minister presides over meetings of the Council of Ministers. The Council of Ministers consists of the Prime Minister, deputy prime ministers and ministers. Members of the Council of Ministers are elected and dismissed by the Parliament on a motion from the Prime Minister. The Prime Minister may initiate changes in the government. The Parliament may create, transform and close down ministries on the Prime Minister's motion. The Prime Minister appoints and dismisses the deputy ministers and deputy chiefs of the other governmental bodies.

4.1.2 Office of the Head of Government

The Office of the Prime Minister consists of the Cabinet of the Prime Minister. The Cabinet has primarily representative and management functions. Its structure is comprised of the Head of the Cabinet, advisers and secretaries to the Cabinet. The Head of the Cabinet and advisers are political figures with established professional capacities. They have mainly consulting and organising functions.

4.1.3 Secretary-General

From an administrative point of view, the most important figure in the Council of Ministers is the Secretary-General. He is responsible for all activities including preparing the agenda and organising the sessions of the Council.

4.1.4 Central Policy-Making / Co-ordinating Bodies

The Council of Ministers is the central executive body in Bulgaria. Each member of the Council of Ministers heads a ministry, except as otherwise resolved by the Parliament. After the elections of December 1994, a new government was formed with four vice-prime ministers, one of whom is a minister without portfolio.

Any Bulgarian citizen qualified for election to the Parliament is eligible for election to the Council of Ministers. The Council of Ministers implements the state's domestic and foreign policy. It ensures public order and national security and exercises overall guidance of the state administration and the armed forces.

The Council of Ministers manages the state budget and organises the state's assets. It is also authorised to conclude, confirm and denounce international treaties as specified by law.

The main activity of the Council of Ministers is to implement laws. The Council of Ministers adopts decrees, ordinances and resolutions and promulgates rules and regulations by decree. It is authorised to rescind any illegitimate or improper act issued by a minister. The Council of Ministers exercises prerogatives concerning state property. It also directs and co-ordinates the work of the ministers and the other organs in its structure.

The Council of Ministers has usually one session per week. Sessions are held when more than half of the members are present. Sessions are organised by the Secretary-General of the Council of Ministers, assisted by the General Chancellery staff. Items for the agenda may be proposed by the ministers and the Secretary General. After being approved by the Prime Minister it is distributed to every institution concerned. The agenda is submitted to the participants at least two days before the meeting. Minutes of the sessions are prepared the next day by a meeting of advisers chaired by the Secretary-General of the Council of Ministers.

Sessions of the Council of Ministers are also attended by the Secretary-General, the head of the Cabinet of the Prime Minister, the head of the General Chancellery and the heads of the departments of the Council of Ministers, advisers, representatives of the concerned bodies and the government Spokesman or designee.

Disputes concerning the activities of the Council are resolved by the Prime Minister.

4.1.5 Consultative / Advisory Bodies

Written rules on the organisation, activities and structure of the Council of Ministers and of its related departments have been established. Most of these consultative bodies are set up only when necessary. According to these rules, departments are specialised and include: judiciary, economic, social, spiritual, local government, national security, public order.

Traditionally these departments consist of a head of department and advisers. Advisers prepare opinions for one or more items on the agenda of the Council of Ministers.

4.1.6 Central Management Bodies

Financial Resources Management

The state budget consists of a central administration budget, a budget for specialised funds, a budget for local governments, and a state social security budget. The budgetary year begins on 1 January. The Ministry of Finance drafts the budget and presents it to the government. In order to become law the budget must be approved by the Parliament. The Ministry of Finance implements the budget and controls differences between budgetary allowances and the real expenditure. The Ministry of Finance also manages the state deficit and makes proposals for spending budget reserves. The tax administration and financial control bodies act as departments to the Ministry of Finance.

Human Resources Management

According to the Constitution, state employees serve the nation's will and interests. In performance of their duty they must be guided by one law and must be politically neutral. There is no law concerning civil servants in Bulgaria. Their status is established by the Labour Code, but the Constitution provides for the establishment of a law to determine conditions by which civil servants are appointed and dismissed, may hold membership of political parties and unions and exercise the right to strike.

4.1.7 Line Ministries

Line ministries in Bulgaria are responsible for implementing the government's domestic policy in the field. The minister is the key figure with authority to issue rules, regulations, instructions and orders.

Within the framework of the administrative reform, a ministry's functions and structures are regulated by a decree of the Council of Ministers.

Traditionally, ministers are assisted by deputies, general secretaries and heads of the Cabinet.

The relations in a ministry are defined by inner decisions and orders issued by the minister, the deputy minister or their *ad hoc* designee. Decisions and orders issued by the minister are final.

The 17 existing ministries include:

- Foreign Affairs;
- Interior;
- Health Care;
- Culture;
- Environment;
- Defence;
- Justice;
- Industry;
- Construction and Territorial Development;
- Transport;
- Labour and Social Welfare;
- Commerce;
- Finance;
- Agriculture and Food Industry;
- Economic Development;

- Trade and Foreign Economic Cooperation; and
- Education, Science and Technologies.

4.1.8 *Other Bodies*

The structure of the central state administration comprises some other *ad hoc* bodies created in response to the transformation process. These bodies are usually committees, commissions, agencies or departments. They are lower in rank to the ministries and report directly to the Council of Ministers. They may be constituted either by the Parliament or by the Council of Ministers. Their chiefs, appointed and dismissed by the Council of Ministers, are not members of the Council. Their deputy chiefs are appointed and dismissed by the Prime Minister.

Other central bodies include:

- National Prices Commission;
- Youth, Sport and Children Committee;
- Tourism Committee;
- Standardisation, Certification and Metrology Committee;
- Protection of Competition Commission;
- Agency for Economic Co-ordination and Development;
- Foreign Aid Agency;
- Posts and Communications Committee;
- Geology and Mineral Resources Committee;
- Forest Committee;
- Energy Committee;
- National Council of Water Resources; and
- Committee for Use of Atomic Energy for Peace Purposes.

Bulgarian National Bank

The Bulgarian National Bank is the central bank of Bulgaria. The bank's principal activity is to promote internal and external stability of national currency and to establish and realise national monetary and credit policy. The Bulgarian National Bank regulates and controls the activities of all other banks. The Board of the Bank consists of the Governor, three deputy governors and five heads of departments. The Governor and the deputy governors are elected by the Parliament and the five heads of departments are appointed by the President on a motion from the Governor.

National Statistics Institute

The National Statistics Institute is an independent public body exercising statistical activity and providing statistical information. It is governed by a president and two deputy presidents, all elected and dismissed by the Parliament. The National Statistics Institute exercises its activity according to the directives and regulations of statistical and other international institutions. All legal and physical entities are obliged to provide information necessary for its plans and programmes. This information can be used only for statistical purposes. Use of the information for other purposes is prohibited and carries administrative and penal responsibility.

Privatisation Agency

The Privatisation Agency was established under the Transformation and Privatisation of State and Municipal Enterprises Law. Its activity is to organise and control the privatisation of state enterprises and

to execute privatisation under law. The Privatisation Agency is governed by a Board of Supervisors and an Executive Director. The board consists of 11 members, five appointed by the Council of Ministers and six elected by the Parliament. The Board of Supervisors elects the Executive Director.

4.1.9 Central Representation at Local Levels

After the events of 1989, a legislative effort was made to decrease central representation at local levels. This was done by the Local Self-government and Local Administration Act (September 1991). Two levels of central administration -- district and regional -- were established according to the administrative territorial division of the country.

Local representatives were given authority over one central budget and control over the legal acts of the local authority. By law, central representation should not be a line structure and should specialise in functions according to the character of the territorial division.

4.2 Subnational Government

4.2.1 Regional Government

Regional governments in Bulgaria changed significantly under the Local Self-government and Local Administration Law (1991).

A region is defined by the Constitution as an administrative territorial unit responsible for implementing a regional policy, exercising state administration at a local level and assuring harmony of national and local interests.

Regions are governed by a Regional Governor, appointed by the Council of Ministers and assisted by a regional administration. The Regional Governor assures the implementation of state policy and is responsible for protecting national interests, legality and public order. His strongest prerogative is to exercise administrative control over the acts of the municipal authority.

4.2.2 Local Government

A municipality is the basic administrative territorial unit in the country. Self-government administration is established at this level. Independence and self-conduct of the local authorities was proclaimed for a period of decades by the Local and Self-government and Local Administration Act (1991).

Municipalities are legal entities with rights of free association.

The Local Administration is a municipal council elected directly by the people for a four-year term. The executive power is exercised by a mayor, who is elected by the municipal council for the term of its mandate.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

As of 1 January 1995, the State Audit Office has not yet been established. The Parliament adopted the State Audit Office Law, which was returned by the President for further debate. Once established, the State Audit Office will be an independent agency. Its activities will include supervising the budget and state finances and payments. Its authority, structure and organisation will be set up by law.

5.2 Ombudsman

The institution of ombudsman -- an independent agency appointed to supervise the state administration -- has not been established. Under present circumstances the system of state administration is under administrative and judicial control.

5.3 Trade Unions

The Constitution provides for the creation and operation of unions which are independent of the state. The Constitution prohibits unions whose purposes are in conflict with the people's sovereignty, territorial integrity and unity of the nation. It also prohibits unions which propagate racism; national, ethnic or religious hostility; infringe on human rights and freedoms; establish secret or military structures; or employ illegal activity to achieve their goals.

Employees, workers and employers have the right to establish trade unions. Trade unions may not have political purposes and may not exercise political activity. The right to strike is guaranteed, but it is denied to employees of the ministries of the Interior and Defence, and to judges, public prosecutors, and investigating magistrates. A strike may not be called for political purposes.

6. DELIVERY SYSTEM

The Bulgarian public service delivery system is in the process of transformation. There is new legislation, but the most important laws have not yet been voted on.

6.1 Education

The basic principles of the Bulgarian educational system are included in the National Education Law, Higher Education Law and High Schools Academic Autonomy Law.

The educational system comprises pre-school facilities; primary schools; secondary schools (grammar schools, vocational schools, technical schools); and high schools (universities and educational-research institutions).

Education is compulsory beginning at age six or seven (parents' choice) until age 16. Schools and pre-school facilities are either state, municipal or private institutions. The state and municipal primary

and secondary schools are created by the Minister of Education, Science and Technologies. This minister also authorises creation of private schools. High schools are created by the Parliament and are autonomous. The influence of public authority on their activities is restricted and determined by the law.

6.2 Health

The Constitution provides for health care that is accessible and free of charge to all Bulgarian citizens under conditions determined by law. The National Health Care Law regulates creation of state, municipal and private health institutions. The Ministry of Health Care supervises all activities of health preservation and treatment. The Minister of Health Care authorizes the creation of private health institutions under certain conditions.

6.3 Social Welfare

The Bulgarian Social Welfare system includes health insurance, social insurance, pension insurance, social assistance, and unemployment benefits. The Constitution guarantees to all Bulgarian citizens the right to social insurance and social assistance. The Constitution provides for strengthened state and social protection of the elderly and the mentally ill.

The central authorities which supervise the system of social welfare are the Ministry of Labour and Social Care and the State Social Security Office. For the moment most social welfare laws are issued by the Council of Ministers. But there will be new legislation in conformity with the pursued reform.

7. STATISTICS

President: Zhelyu ZHELEV (Union of Democratic Forces; according to the Constitution, the President must suspend his membership in political parties)

Prime Minister: Jean VIDENOV (Bulgarian Socialist Party)

Party Representation in Parliament (National Assembly), as of 1 January 1995 :

	Percentage (to the nearest tenth)	Seats
Bulgarian Socialist Party (BSF)	52.0	125
Union of Democratic Forces (UDF)	28.8	69
People's Union -- Democratic Party and Bulgarian Union of Farmers	7.5	18
Movement for Rights and Freedom	6.3	15
Bulgarian Business Bloc	5.0	12
Independent	0.4	1
Total	100	240

Some important data from the 1994 Bulgarian Budget
(millions of Levs¹)

Total State Income	100 167.000
Total State Expenditure	133 836.600

Expenditure of Main State Bodies:

Parliament (National Assembly)	257.559
Office of the President	21.379
Council of Ministers	237.562
Constitutional Court	9.625
Prosecutor General's Office	280.000
Supreme Court	47.900
Ministry of Justice	471.978
Ministry of Defence	12 919.800
Ministry of Interior	5 657.600
Ministry of Education and Science	3 612.814
Ministry of Foreign Affairs	852.745
Ministry of Agriculture	1 163.280
Ministry of Transport	709.286
Ministry of Environment	84.694
Ministry of Culture	912.198
Ministry of Commerce	40.539
Committee on Youth and Sports	70.763
Ministry of Labour and Social Affairs	210.104
Ministry of Finance	223.286
Ministry of Industry	284.205
Ministry of Health	2 652.357
Ministry of Construction and Territorial Development	635.075
Energy Resources Committee	24.553
National Prices Committee	9.390
Tourism Committee	37.269
Standardisation and Metrology Committee	121.324
Coordination and Economic Development Committee	9.395
Foreign Aid Agency	7.447
Post and Communications Committee	56.956
Geology and Mineral Resources Committees	329.046
Forest Committee	86.706
National Council of Water Resources	6.797
Committee for Use of Atomic Energy for Peace Purposes	27.284
Privatisation Agency	37.213
Protection of Competition Commission	11.324
National Statistical Institute	186.938
Subsidies for Districts	21 611.200

Total	53 917.561

¹ On 1 January 1995, the exchange rates were: 1 US\$ = 66 015 Levs
(Sources: Bank of Bulgaria and Eurostat) 1 ECU = 53 668 Levs

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***PUBLIC MANAGEMENT PROFILE
CZECH REPUBLIC***

(as of 1 January 1995)

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Main Characteristics

Today's problems in the Czech Republic reflect, probably more than in any other Central and Eastern European Country (CEEC), its complicated modern history which has often been influenced by its strategic location in the very heart of Europe.

The pre-World War II Czechoslovakia was, with the exception of Germany, by far the most developed country of the central European region, and the only one that was a democratic state throughout the 1918-1939 period. Under Communism, Czechoslovak industry became an arsenal of the Warsaw Pact. Its economy was subject to the most far-reaching nationalising of all the COMECON (Council for Mutual Economic Assistance) countries. Its "bourgeois" civil society with its democratic traditions was, especially in the 1950s, subject to systematic persecution. After the 1968 invasion and the defeat of the democratisation process, the country experienced a twenty-year "normalisation policy" when even careful economic reforms such as those that took place in Hungary were unimaginable. In practice, this policy rendered impossible the effective operation of the Czechoslovak Federation which was established in 1968 and, by 1990 it brought to the forefront many latent problems in Czech-Slovak relations.

As in the other CEECs, the Communist regime in Czechoslovakia did not survive the year 1989. The so-called "Velvet Revolution" made possible fundamental changes in the political system: abolishing the leading role of the Communist Party, the National Front and censorship; the election of Václav Havel as President, free parliamentary elections in June 1990 and communal elections in November 1990; and gradual reconstruction of a market economy and establishment of a democratic pluralistic society. The name of the state became the Czech and Slovak Federal Republic, which subsequently was dissolved -- on 31 December 1992 -- by a peaceful agreement of both republics. The Czech Republic was established as an independent, sovereign state on 1 January 1993.

Recent Reforms and Trends

Since the dissolution of the Czech and Slovak Federal Republic, the most important tasks for the Czech Republic have included: establishing a state; implementing the new Constitution of 12 December 1992; ensuring quick and sound implementation of the economic reform; and managing, together with a substantial reform of the public sector, essential changes in the public administration affected by the dissolution of the Federation.

The new Constitution is gradually being implemented with the formation of new institutions, such as the Constitutional Court (see section 2.2.1) and the Supreme Audit Office (see section 5.1), as well as the transformation of institutions which existed during the Czechoslovak Federation (i.e. the former Public Prosecutor's Office was replaced by the newly-created Office of the Attorney General -- see section 2.3).

Economic reforms have included the introduction of a new taxation system, the completion of the voucher privatisation process and the launch of the Stock Exchange's operations. In the area of public administration, the Ministry of Labour and Social Affairs, in co-operation with the Office for Legislation and Public Administration, submitted a draft Civil Servants Act to the government in January 1995. In connection with preparations for the Czech Republic's entry to the European Union, the Government has also adopted measures for the approximation of Czech law to the norms of the European Union.

1. THE STATE

1.1 Nature of the State

The Czech Republic is a parliamentary republic.

1.2 Constitutional Base

The new Constitution of the Czech Republic (the Constitutional Act of the Czech National Council No. 1/1993 CoL of 16 December 1992) came into force on 1 January 1993. To ensure the continuity of its constitutional and legal systems, the Czech National Council passed the Law on Provisions Connected with the Dissolution of the Czech and Slovak Federal Republic (Constitutional Act of the Czech National Council No. 4/1993 CoL of 15 December 1992). Constitutional acts, laws and other legal regulations of the Czech and Slovak Federal Republic that were in effect on the day of dissolution continue to be in effect. However, measures conditioned on the membership of the Czech Republic in the now defunct Czech and Slovak Federal Republic are no longer applied.

1.3 Head of State

The new Constitution of the Czech Republic provides for a Czech President elected by both chambers of the Czech Parliament for a five-year term, and eligible for two subsequent terms.

According to the Constitution:

- the candidate who obtains a majority of votes of all deputies and all senators is elected. If no candidate obtains a majority, a second round is organised within 14 days;
- the candidate who obtains the highest number of votes in the Chamber of Deputies, and the candidate who obtains the highest number of votes in the Senate go on to the second round. In the event of a tie within the Chamber of Deputies or the Senate, votes from both the Chamber and the Senate are totalled. The candidate who obtains the highest number of votes in this way goes on to the second round;
- the candidate who obtains a majority of votes of those deputies and senators present is elected;
- if a President is not elected in the second round, a third round is organised within 14 days. In this round, the candidate who obtains a majority vote of those deputies and senators present is elected; and
- if a President is not elected in the third round, new elections take place.

The President of the Republic (hereafter referred to as the "President") is the head of state. He appoints and dismisses the Prime Minister and other members of the government. He does not chair meetings of the government, but may attend them. Laws adopted by Parliament are signed by the President of the Chamber of Deputies, the President of the Republic and the Prime Minister. Except for constitutional laws, the President of the Republic has the right of suspensive veto on acts. The President may dissolve the Chamber of Deputies.

2. JUDICIAL AUTHORITY

2.1 Legal System

The hierarchy of legislation consists of:

- constitutional acts of the Chamber of Deputies;
- acts of the Chamber of Deputies;
- decrees of the Czech Republic Government; and
- legal regulations issued by ministries.

The by-laws issued by the municipalities and considered to be legal prescriptions must be in accordance with the acts of the Chamber of Deputies (these by-laws are issued in the policy areas of municipal self-government, as opposed to so-called delegated government, transferred from the state to the municipalities and executed by them on the state's behalf, which in practice reduces the range of possible conflicts of the by-laws with legislation enacted by other levels).

Currently the legal system is undergoing substantial reform. This has resulted in the abolition of much secondary legislation dating back to the Communist era (especially ministerial legal regulations) and the adoption of more complex Acts, similar to those of Western countries. During the two first post-revolution years many principal laws were adopted, including the Commercial Code, the Trades Law (setting out conditions for undertaking activities, enumerating activities in which state approval is required) and acts which substantially amend the Civil Code, the Code of Civil Procedure, the Penal Code and the Code of Penal Procedure.

A Civil Code and an Economic Code have existed since 1964. The Civil Code applied to personal consumption (for example, shopping in state stores or exchange between individuals). The Economic Code applied only to activities of everyday economic life of the state enterprises and corporations and co-operatives. It also provided a means by which state authorities could directly influence state enterprises (for example, an authority could bargain on behalf of any state enterprise).

There was also a separate Code of International Trade which applied to commercial relations of Czechoslovak companies for trade with subjects abroad. On 1 January 1992, the Commercial Code -- similar to Austrian and German equivalents -- replaced the Economic Code and the Code of International Trade, both of which were abolished. The Civil Code was amended substantially to bring back classic civil law institutions, although it is expected to be in force only for a period of two to three years. It will eventually be replaced by a new Civil Code which is under preparation.

The 1963 Code of Civil Procedure was not so affected by the peculiarities of "socialist theory of state and law" as were the codes mentioned above, and so amendments to it have not been as far reaching. Under the current Commercial Code, courts are entitled to decide upon commercial actions. This represents a fundamental change in practice from the 1963 Code. In some cases, a third level of jurisdiction has been added to the two existing levels (see section 2.2). Perhaps the most important amendment has been the re-introduction of administrative jurisdiction of courts (see section 2.2).

As far as the Penal Code and the Code of Penal Procedure are concerned, the main aim of the 1990-91 amendments was to humanise penal policy, resulting in the abolition of some crimes characteristic to the socialist economy and political system (for example speculation), and better protection of the rights of offenders. It has appeared, however, that some of the provisions of 1990 were too liberal to ensure an effective struggle against increasing criminality. At the end of 1993, further amendments to

the Penal Code were adopted to ensure the more effective prosecution of those criminal activities which have grown significantly, or started to appear, as a result of increased foreign traffic; the Act on the Performance of the Penalty of Imprisonment was enacted to improve the performance of this penalty; and the Code of Penal Procedure was amended to simplify the penal procedure, while protecting the principle of legality and preserving the rights of the involved parties.

The administrative apparatus is subject to a system of laws, decrees and regulations. The Code of Administrative Procedure (No. 71/1967 CoL) is currently being amended. Passed in 1967 during the reform days of the Czechoslovak Communist regime, the code has proved to be a law of considerable standards. All new procedures of administrative law are judged in relation to the Code. The Code provides for a quasi-judicial procedure before the administrative authority. Each side has the right to appeal to a superior authority.

An amendment to the Code of Civil Procedure in 1991 re-introduced administrative jurisdiction (very restricted under Communist rule) into the Czechoslovak legal system. The amendment enumerates administrative decisions which are not subject to judicial review (mainly decisions made in cases of emergency). All other decisions may be examined by the court. For the time being, no special administrative courts will be set up; instead, civil courts (especially the district courts) are responsible for cases involving administrative issues. However, civil courts can set up "senates" that specialise in administrative law.

2.2 Court Structure

According to the Constitution, judicial authority shall be exercised in the name of the Republic by independent courts. Judges perform their functions independently and no individual or body may threaten that independence.

The court system consists of:

- the Supreme Court;
- the Supreme Administrative Court;
- the Higher Courts;
- the Regional Courts; and
- the District Courts.

Courts are presided over by either single judges or senates. In principle, single judges preside only over district courts. Senates are groups of professional judges and associate judges. Judges of the court are appointed by the President of the Republic. Associate judges are elected by municipal councils. Associate judges are used only at the first level of justice, whether at the district or regional level.

Judges cannot be dismissed or transferred to another court against their will, except in disciplinary cases as stipulated by law.

The Act to Establish the Supreme Administrative Court is under preparation.

2.2.1 Constitutional Court

The Constitution provides for a Constitutional Court consisting of 15 judges, appointed by the President of the Republic and approved by the Senate. Judges serve ten-year terms.

The Constitutional Court annuls laws which are contrary to either constitutional law or a ratified international treaty. The Act to Establish the Supreme Administrative Court may transfer to it the power to annul any administrative regulation in conflict with the law and the power to litigate conflicts between state organs and organs of self-government.

The Constitutional Court also judges the election of deputies and senators and decides on the activities of political parties.

The Law on the Constitutional Court (No. 182/1993 CoL) regulates in detail the procedures and the organisation of the Constitutional Court as well as the status of its judges. The Constitutional Court was established on 17 July 1993.

2.3 Office of the Attorney General

The Office of the Attorney General was established on 1 January 1994, in accordance with the new Constitution, to undertake penal procedure actions on behalf of the state. This office replaced the former Prosecutor's Office. The Attorney General system consists of the Office of the Supreme Attorney General and the offices of higher, regional and district attorneys.

3. LEGISLATIVE AUTHORITY

3.1 Main Bodies

Parliament is the main legislative body. It consists of the Chamber of Deputies (200 deputies) and the Senate (81 senators). With the implementation of the new Constitution, the National Czech Council became the Chamber of Deputies. It also acts as the Senate until a Provisional Senate is established according to constitutional law, or until Senate elections take place.

Once appointed by the President of the Republic, the government presents itself to the Chamber of Deputies and asks for a vote of confidence. In cases where a vote of confidence is not obtained, the President of the Republic renews the appointment procedure. If the second government does not obtain a vote of confidence, the President of the Republic appoints a Prime Minister who is proposed by the President of the Chamber of Deputies. The government may then ask for confidence from the Chamber of Deputies. The Chamber of Deputies may express no-confidence in the government. The accord of at least 50 deputies is needed to discuss a vote of no-confidence; adoption of a vote of no-confidence requires -- which results in the dissolution of government -- requires a majority of all the deputies.

3.2 Associated Structures

The Chamber of Deputies has 11 committees:

- Mandate and Immunity;
- Constitutional Law;
- National Security;
- Petitions, Human Rights and Nationalities;
- Budgetary;

- Economic;
- Agriculture;
- Public Administration, Regional Development and the Environment;
- Social Policy and Health Care;
- Science, Education, Culture, Youth and Sport; and
- International Affairs.

3.3 Electoral System

The electoral system of the Chamber of Deputies is based on proportional representation. Elections are based on universal suffrage. The voting age is 18 and voting is not compulsory. Any citizen of the Czech Republic over 21 of age is eligible for the Chamber of Deputies; Czech citizens over age 40 are eligible for the Senate.

There are eight constituencies for the election of members of the Chamber of Deputies. Deputies are elected from lists nominated by their party or by a coalition of parties. To register a candidate list, a party needs: a) a minimum of 10 000 individual members or b) a petition signed by a quorum of supporters (non-members) which equals 10 000 minus the number of individual party members.

Voters may vote for a single political party or coalition candidate list (with candidates ordered on the list by the party) or voters may select up to four candidates individually in the order of their choice -- this constitutes a "preference vote".

Within a political party, candidates obtain seats according to their order on a party list. If more than 10 per cent of all voters who vote for one political party select candidates by preference vote, seats are given first to those candidates who receive preference votes totalling at least 15 per cent of all votes received by the party within an electoral region.

In the first round of elections, seats are distributed within the electoral region. In the second round, the rest of the seats are distributed within the republic (for example, if the number of candidates of a party is less than the number of seats won by the party in the first round, the party obtains only the number of seats according to the number of candidates and the remaining seats are redistributed in the second round). For election to the Chamber of Deputies, the following minimum votes are necessary:

- five per cent for single political parties;
- seven per cent for coalitions of two parties;
- nine per cent for coalitions of three parties; and
- 11 per cent for coalitions of more than three parties.

The law stipulates conditions by which these minimum numbers may change based on results of the first round of elections.

4. EXECUTIVE AUTHORITY

4.1 Central Government

4.1.1 Head of Government

The Prime Minister is the head of government, organises government activities and presides over meetings of the government. He is the representative of the government and performs other duties as stipulated by the Constitution or other laws.

4.1.2 Office of the Government

The Office of the Government is an advisory consulting body providing information and technical and organisational assistance for the activities of the government. It has the character of a central institution but does not have the power to make administrative decisions.

The head of the Office of the Government is directly accountable to and appointed (or dismissed) by the government. Currently, the internal structure (including the functions of individual departments) is in the process of a re-organisation aimed at increasing the effectiveness of government activities.

4.1.3 Central Policy-making / Co-ordinating Bodies

The government is the central policy-making and executive body. It consists of the Prime Minister, vice-prime ministers and ministers. The number of vice-prime ministers is not determined by law. Currently, the government consists of 19 members -- the Prime Minister, three vice-prime ministers of which two are also ministers, and the remaining 15 ministers.

At government meetings, which take place weekly, some 20-30 items are discussed. In addition to the members of government, participants include the Governor of the Czech National Bank, the President of the Czech Office of Statistics, and, upon invitation and with the approval of the Prime Minister, various experts and representatives of the mass media and of different bodies. If a member of government is unable to attend, he may be replaced by his deputy, who, however, has a deliberative vote only.

Government sessions are chaired by the Prime Minister or, in his absence, by a designated member of the government. The government acts collectively. It can make decisions only if a majority of all government members is present, but decisions may be passed by a majority of those members who are present. Decisions are of an administrative rather than legal character. In some cases, the government may consider an item without issuing a formal decision. The government may also issue generally binding decrees in accordance with law.

Every week, one day before the meeting of the government, the "small cabinet" (ministers with economic portfolios) meets. The Governor of the Czech National Bank also participates in the small cabinet meetings.

4.1.4 Consultative / Advisory Bodies

The government may establish agencies of a deliberative and advisory character. Members of these bodies may be independent experts or experts from ministries appointed by the government. The staff of a particular ministry or of the Office of the Government usually serve as the administrative staff (secretariat) of such bodies. Consultative bodies work out various recommendations and comment on

specific items for the government. They have no power to make administrative decisions. The character and number of the bodies depend on the needs of the government. The current intention of the government is to include some of these bodies in individual ministries.

The existing consultative / advisory bodies include, *inter alia*:

- the Council on Legislation plays an important role in the pre-parliamentary legislative process. All draft laws are submitted to the Council and its special committees (e.g. for Administrative, Financial, Civil, and Labour Law) after they have been reviewed at the inter-ministerial level. The Council is chaired by the Vice-Prime Minister responsible for legislation, and has 21 members. It submits its opinions to the government;
- the Governmental Commission for Privatisation, which is headed by the Minister for National Property and its Privatisation, and has six members, reviews the privatisation projects before presentation for the government's approval;
- the Allocation Commission, established in September 1992, reached the peak of its activity during the time of the dissolution of the Czech and Slovak Federal Republic and during the building up of the new Czech government. Its main task was to recommend to the government, the allocation of facilities to individual ministries, and other central state agencies. The Commission is chaired by the Head of the Office of the Government (PMO) and has 10 members; and
- the Governmental Board for European Integration was established in November 1994 as a standing committee that is headed by the Prime Minister, and consists of five permanent members (the three Vice-Prime Ministers and the Ministers for Trade and Industry, and for Labour and Social Affairs). Its non-permanent members are other ministers, the Governor of the Czech National Bank and the President of the Czech Office of Statistics. Its main tasks are to negotiate all documents regulating the European Integration process and preparing recommendations for the government.

4.1.5 Central Management Bodies

Since 1989, the structure of the central government has changed more in character and area of responsibility than in the number of governing and administrative bodies. Changes involved a new division of responsibility or the elimination of some bodies (as was the case of the State Planning Commission). In relation to economic reform new ministries have been established, for example, ministries charged with the economic transformation and privatisation process.

Financial Resources Management

Public financial management is based on the state budget. For special tasks (as established by law) state funds may be made available. The state budget is comprised of income and expenditure of the republic. It also includes financial relations to budgets of municipalities, district bodies and special state funds. The Ministry of Finance drafts the state budget, which must be approved by the Chamber of Deputies. The Ministry of Finance co-ordinates the preparation of the state budget as well as the budgets of the individual central bodies and the district offices. It is responsible for central governance and administration, special state funds and the general budget assessment.

Human Resources Management

There is no comprehensive human resources management system in the Czech Republic. The Ministry of Labour and Social Affairs is responsible for general employment policy. It controls a network of district labour offices which implement most operative tasks. The ministry is also responsible for the wages and social policy and collective bargaining.

Civil service and state employees in general are not covered by special regulations (exceptions include soldiers, judges, policemen, and prosecutors). The Ministry of Labour and Social Affairs, in co-operation with the Office for Legislation and Public Administration, completed the draft Civil Servants Act for submission to the government in January 1995.

Technology and Public Procurement

The Ministry of Economy is responsible, *inter alia*, for technology policy. The Public Procurement Act, enacted on 28 September 1994, established an open, competitive tendering procedure for selecting contractors to fulfil requirements paid for with public funds. The competition is governed by procedures defined in the act and in the Commercial Code. The Ministry of Economic Competition is the supervisory body for public procurement. The act came into force on 1 January 1995.

4.1.6 Line Ministries

Line ministries are responsible for the implementation of government policy. Their competencies and power are in principle defined by a general act on central state bodies and by a number of special acts passed for individual sectors of public administration. Thus, ministries may issue legal regulations, provided they follow the law, but may only specify general provisions of an act.

The government consists of the ministries of:

- Economy;
- Finance;
- Foreign Affairs;
- Education, Youth and Physical Education;
- Culture;
- Labour and Social Affairs;
- Public Health;
- Justice;
- Interior;
- Industry and Trade;
- Economic Competition;
- Agriculture;
- Defence;
- Environment;
- Transport; and
- National Property and its Privatisation.

4.1.7 Other Bodies

Besides line ministries, other "central governance" bodies participate in public administration. The heads of these bodies (offices) are not members of the government, but are appointed by it.

Other central governance bodies of the Czech Republic are:

- Czech Office for Statistics;
- Czech Geodetic and Cadastral Office;
- Czech Mining Office;
- Czech Commission for Scientific Degrees;
- Office for Industrial Ownership;
- Administration of the State Material Commodities Resources; and
- State Office for Nuclear Safety.

4.1.8 Central Representation at the Regional / Local Levels

District offices are state administrative bodies with general competence. They form the basis of the state administration system. There are 72 district offices for 75 territorial districts of the Czech Republic (three districts centred on big cities -- Brno, Ostrava, Plzeň -- are overseen by city authorities). District administrations are headed by a chief district officer who is appointed by the government on proposal of the Ministry of the Interior.

District offices are regulated and controlled by the Government of the Czech Republic. The government also co-ordinates relations of central authorities to district offices. The government's responsibilities towards district offices fall under the Ministry of the Interior, which is also the central administrative authority in specified sectors of state administration. When executing state administrative functions, district offices are subordinated to other functionally relevant central governance bodies.

District offices may issue by-laws as long as they are in accordance with the law and secondary legislation. The execution of state administration by district offices is controlled by central state administration bodies. Any by-law issued by a district office that is at variance with the law shall be annulled by the Ministry of the Interior. Other illegal or incorrect measures of district offices shall be annulled by a functionally relevant central administrative body. Under the Code of Administrative Procedure, these central authorities -- namely, the ministries -- also examine administrative decisions of district offices. Examination by the courts, constitutional complaint and the role of the Attorney General's Office is similar to those for municipal decisions.

Legally, some tasks carried out by district offices are subject to approval by district assemblies (for example, allocation of global state grants received by the district to individual municipalities and approval and control of implementation of the district budget). A district assembly is composed of representatives from municipal councils in the district. The number of assembly members is based on the number of municipalities and inhabitants of the district.

If a decision of a district assembly is in conflict with the law, the chief officer of the district office shall suspend its implementation and put the matter before the government to decide.

In addition to general district offices, there are special administrative units which operate within the same or different boundaries. These units fall under the control of their respective ministries. Additionally, some ministries have their own departments that operate within special boundaries. For example, the Ministry of the Environment has nine regional departments; the Ministry of Education has regional departments for Moravia and Silesia and a network of school offices in districts; and the Ministry of Public Health has a regional network of public health authorities. Opinions differ as to the continued existence, number and necessity of these bodies.

The government has not yet decided about a new system for the execution of state administration at the regional (*länder*) level. The government is preparing conceptual documents.

4.2 Subnational Government

The issue of sound territorial administrative organisation had been reconsidered several times in the former Czechoslovakia. Before the Second World War, there was a failed attempt to abolish the *länder* organisation inherited from the Austrian Monarchy and deriving from the ancient territorial organisation of the Czech Kingdom. The “*Župa Act*” (region or canton Law) was not implemented in the territory of what is now the Czech Republic. Up to 1948, there was a three-level territorial organisation of municipalities, districts and *länder*. The 1948 Act on Regional Organisation (No. 280/1948 CoL) changed the territorial organisation and abolished the *länder* organisation. The territory of Czechoslovakia was divided into 19 regions. The Czech and Moravian-Silesian *länder* were abolished on 31 December 1948. The state power and state administration were transferred to the local, district and regional national committees which were territorial administrative bodies with general competence.

In 1960, a new law on territorial organisation came into force. Ten larger regions replaced the previous 19, seven of which exist in the present Czech Republic. Within these seven Czech regions, 72 districts were established. The territory of Prague, the capital city, has always formed a special territorial unit.

As a result of the November 1989 Revolution, the national committees system was abolished. Current municipalities are units of territorial self-government and district offices are state administrative authorities with general competence. The draft law on territorial administrative organisation is being prepared.

4.2.1 Regional Administration

Two governmental draft laws on the establishment and competencies of higher territorial self-governing units (regions or *länder*) were presented to Parliament in 1994 to implement the constitutional provisions concerning these units.

4.2.2 Local Government / Municipalities

The constitutional basis for local self-government is the new Constitution. A municipality (the basic local self-government unit) is a legal entity with its own independently managed property. Citizens may decide, either in referendum or through the municipal council, upon matters affecting local self-government. In these matters, municipalities issue by-laws. Municipalities may establish voluntary corporations to ensure the efficient management of corporate matters that concern them. Municipalities and voluntary corporations may co-operate with municipalities abroad, join international associations of local government bodies and establish legal entities with the participation of foreign persons. The territorial district of a municipality can be changed only with its consent. Conditions for establishing or dissolving a municipality, splitting it into more new municipalities or amalgamating several communes into one municipality are set down by law. In November 1994, the second democratic municipal council elections took place. They were the first such elections in the independent Czech Republic.

When executing their self-government responsibilities municipalities are bound only by law and secondary legislation. Their responsibilities include:

- adopting a development programme for the municipal territory district and controlling its implementation;
- managing municipal assets;
- passing and managing the municipal budget;
- setting down kinds and rates of municipal levies;
- organising local referenda and implementing their results;
- agreeing on changes to municipal borders;
- joining the voluntary corporations of municipalities;
- executing tasks in the areas of social affairs, education, public health care and culture;
- establishing the municipal police corps;
- ensuring facilities for street cleaning and waste removal and disposal; and
- providing water supplies and draining and cleaning waste water.

To the extent provided by law, municipalities also execute the state administration of first instance on behalf of the state, the so-called "transferred competence". When executing transferred competence, municipalities are bound not only by the law and secondary legislation but also by government decisions and the guidelines of central governance bodies. Some 380 municipalities, determined by the government and with the consent of the Ministry of the Interior, execute extended transferred competence within a given territory as set down by the district office. Some large municipalities (cities with more than 100 000 inhabitants) execute state administrative tasks belonging generally to district offices.

In cases where a municipality issues a by-law or other measure which is at variance with the law, the Chamber of Deputies or the Constitutional Court shall annul it. Irregular or improper measures of municipalities shall be annulled by the district office. Decisions of municipal authorities issued under the Code of Administrative Procedure may be subject to revision (on the basis of appeal) by superior authorities. An administrative decision may also be examined by a court on the basis of a civil action (see section 2.1). Decisions, measures and other administrative acts of municipalities may be contested by constitutional complaint to the Constitutional Court of the Czech Republic.

Income sources and the property ownership are important conditions for the self-governing activity of municipalities. According to the 1994 budget, the sources of municipal income were taxes (47.2 per cent), grants allocated from the state budget (20.7 per cent), income from organisations founded by the municipality (16 per cent), capital income (8.2 per cent), and administrative fees levied by municipal authorities (3.3 per cent). While taxes represent the largest part of municipal income, the municipalities themselves do not carry out any tax-creating activity. According to the law on the 1994 budget, half of the tax revenue collected from each district's territory goes to the district office; the remaining half is distributed among the municipalities in the district, according to the number of inhabitants.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

The Supreme Audit Office of the Czech Republic is an independent supervising authority bound by the Constitution. It monitors expenditures and income of the state budget and the use of financial and material resources of the Czech Republic and enforces laws dealing with economic and financial issues and the execution of public administration. It reviews the annual report on the state budget account and draft acts and regulations inasmuch as budgetary and other financial issues are concerned.

The Supreme Audit Office has the right to impose fines on authorities and on individuals. Those authorities and individuals subject to supervision by the Supreme Audit Office are:

- central authorities of the Czech Republic (excluding the Parliament);
- state enterprises; and
- organisations and legal persons with income from state subsidies or other resources.

According to the Act on the Supreme Audit Office of 20 May 1993, the bodies of the Office include the President, the Vice-President, the Board, the Senates (which are collective bodies of the Supreme Audit Office, each consisting of three or more members of the Office) and the Disciplinary Chamber of the Office (which initiates disciplinary procedures against the President, the Vice-President or any member of the Supreme Audit Office).

The President of the Republic appoints the audit body's President and the Vice-President on the proposal of the Chamber of Deputies to nine-year terms. The President has the right to attend the sessions of the Chamber of Deputies and the government's meetings.

The Chamber of Deputies elects the 15 members of the Supreme Audit Office upon the proposal of the Office's President. The President, Vice-President and members of the Supreme Audit Office cannot at the same time serve as a deputy or senator in the Parliament, judge, or attorney general. In addition, they cannot exercise any function in the state public administration, territorial self-governments, or political parties and movements.

The Supreme Audit Office began its activities on 1 July 1994. On this same day, the former Ministry of State Control and the former Supreme Control Office of the Czech Republic terminated their activities.

5.2 Ombudsman

Does not exist.

5.3 Trade Unions

In May 1946, a united and single trade union organisation was created by a special law. It had to join the National Front led by the Communists. The task of trade unions consisted in "bringing workers over to the fulfilment of tasks of the national economy, to the Marxist-Leninist ideas, and care of systematic improvement of work and living conditions of workers". After November 1989, the existence of trade

unions was based on the Law on Citizens' Associations. Individual trade unions may establish trade unions centrals or "councils".

The Bohemian-Moravian Board of Trade Unions is the largest union with more than four million members.

Legislation regulating unions includes the Law Regulating Certain Relations among Trade Unions and Employers, the Law on Collective Bargaining (1991), and the Labour Code (1965), fundamentally amended in 1991. In 1990, the Council of Economic and Social Agreement was created as a joint board for tripartite bargaining. The Council adopts resolutions on economic and social issues such as wages, work conditions and employment policies.

6. DELIVERY SYSTEM

6.1 Education

The overall framework for the current education system is set out in the Law on Education (1984). This law was amended several times with the last amendment in 1993 to make education compulsory until the age of 15, thereby extending the previous compulsory period by one year. The Ministry of Education, Youth and Physical Education is generally responsible for education and has a key role in its administration.

At the end of 1994, the government approved a broad legislative programme concerning education and youth development, and worked on finalising the basic principles of a bill on universities and technical colleges for presentation to the Parliament in early 1995.

The draft laws on the competencies of the higher territorial self-governing units (see section 4.2.1.) provides that the establishment of most secondary schools will be the responsibility of the regional (*länder*) councils.

The education system consists of preschool facilities, elementary schools, secondary schools, high schools and vocational schools, universities and technical colleges. Preschool facilities and elementary schools are the responsibility of the municipalities, and are financed by the municipalities from a state budget subsidy. The other educational institutions are paid for by the state budget. There are private elementary and secondary schools, which are financed solely from private resources.

6.2 Health Care

Health care reform is closely related to the economic reforms and to privatisation. The current governmental agenda for health reform includes the problems of privatising health care facilities (hospitals, laboratories, clinics, polyclinics and other health centres), citizen participation in paying for health care, the functioning of health insurance companies, and the relationship between the state and professional health associations.

6.3 Social Welfare

In 1994, the government started the conceptual work for transforming the social security benefits system. The Government approved a concept of social welfare policy which is based on three main

systems: social insurance, state social support and social assistance. The draft laws on the pension insurance scheme and state social support were approved by the government and presented to Parliament in 1994. The bulk of legislation related to social assistance is under preparation.

7. STATISTICS

President of the Republic: Václav HAVEL (Civic Democratic Party)

Prime Minister: Václav KLAUS (Civic Democratic Party)

Party Representation in the Chamber of Deputies, after elections of June 1992:

	Percentage (to the nearest tenth)	Seats
Civic Democratic Party	33.0	66
Left Block (Communist Party of Bohemia and Moravia - the Democratic Left)	17.5	35
Czechoslovak Social Democrats	8.0	16
Liberal Social Union	8.0	16
Christian Democratic Union - Czechoslovak People's Party (one single party)	7.5	15
Civic Democratic Alliance	7.0	14
Movement for Self-Government Democracy - Association for Moravia and Silesia (one single party)	7.0	14
Republican Party	7.0	14
Christian Democratic Party	5.0	10
Total	100	200

The government coalition is formed by:

- the Civic Democratic Party,
- the Christian Democratic Party,
- the Civic Democratic Alliance, and
- the Christian Democratic Union.

Some Important Data from the 1994 Czech Budget
(thousands of Crowns¹)

Expenditure of the Main State Bodies:

Office of the President	281 679
Parliament	583 340
Office of the Government	234 375
General Prosecutor (General Attorney)	674 456
Ministry of Finance	12 610 521
Ministry of Defence	26 791 950
Ministry of Economy	2 232 889
Ministry of National Property and its Privatisation	86 333
Ministry of Education, Youth and Physical Education	41 872 738
Ministry of Culture	2 554 552
Ministry of Labour and Social Affairs	139 206 523
Ministry of Public Health	6 603 175
Ministry of Environment	1 256 937
Ministry of Justice	5 457 250
Ministry of Interior	17 732 400
Ministry of Industry and Trade	6 944 894
Ministry of Agriculture	11 595 503
Ministry of Foreign Affairs	2 803 060
Ministry of Economic Competition	22 824
Ministry of Transport	20 551 343
Office for Legislation and Public Administration	56 392
Supreme Audit Office	150 979
Constitutional Court	31 750
Czech Office for Statistics	395 441
Mining Office	48 430
Office of Geodesy and Cartography	1 144 018
State Office for Nuclear Safety	91 611

Total	366 471 300

¹ On 1 January 1995, the exchange rates were:
(Sources: IMF and Eurostat)

1 US\$ = 28.05 Crowns
1 ECU = 22.80 Crowns

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***PUBLIC MANAGEMENT PROFILE
ESTONIA***

(as of 1 January 1995)

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Main Characteristics

Estonia's independence, declared on 24 February 1918, was lost following the signing of the Hitler-Stalin pact of 23 August 1939. In June 1940, Estonia was totally occupied by the Soviet Union. Germany then occupied Estonia from 1941 to 1944. The renewed Soviet occupation lasted from 1944 until the restoration of Estonia's independence in 1991.

A peaceful campaign ("Singing Revolution") for the restoration of independence began in 1988. In the years 1989-91, a civic society was restored and various forms of private ownership were allowed. On 30 March 1991, the new freely-elected parliamentary body (Supreme Council) declared the authority of the USSR illegal. On 20 August 1991, the Supreme Council restored de facto the independence of Estonia on the basis of the continuity of the Republic of Estonia (*restitutio ad integrum*) prior to Soviet occupation. The transition to a market economy and democracy began in earnest. On 17 September 1991 the Republic of Estonia was admitted to the United Nations. In September 1992, the new Parliament (*Riigikogu*) was elected. The Parliament elected the President in October 1992 after no candidate obtained a majority of votes in the first-round, direct election.

An essential characteristic of Estonia is the relatively large number of Russian-speaking immigrants who settled there during the Soviet occupation period, about one-third of Estonia's entire 1.5 million population. Estonia is trying to integrate these Russian-speaking immigrants. In January 1995, the Parliament adopted a new Law on Citizenship to replace the 1993 amended version of the 1938 citizenship law.

Recent Reforms and Trends

Estonia has launched accelerated administrative and economic reforms to create an open society and an open market economy.

Economic reforms have included speeding privatisation, promoting free trade, pursuing tight monetary policies, and establishing a fiscal policy to support macroeconomic stabilisation and a balanced budget.

On the administrative reform side, radical changes to the structure of the central administration have resulted from reforms which began in autumn 1992. For example:

- The number of ministries was reduced from 17 to 11 through the structural rationalisation of governmental functions
- The former committees under the Soviet administration were reorganised into boards within the administrative fields of ministries.

Reform policies have also emphasised improvements to the public management, civil service, and social guarantees systems.

I. THE STATE

1.1 Nature of the State

The Republic of Estonia is an independent and sovereign democratic republic wherein the supreme power of the state is vested in the people. Estonia is a unitary state and a parliamentary republic.

1.2 Constitutional Base

Estonia's new Constitution was adopted by a national referendum on 28 June 1992. It came into force on 3 July 1992. Based on this new Constitution, the first free, post-war parliamentary and presidential elections were held in the autumn of 1992.

1.3 Head of State

The President of the Republic (hereafter referred to as the "President") is the Head of State of the Republic of Estonia.

The President is elected by the Parliament (*Riigikogu*) for five years and can be re-elected only once. A candidate who is supported by a two-thirds majority of the members of Parliament is elected President. If the Parliament cannot elect the President in three rounds, the President is elected by an electoral college which is convoked by the Chairman of the Parliament and composed of the members of the Parliament and the chairmen of local self-government councils. However, a different process was used to elect the first post-war President. There was a first round, direct election in which no candidate obtained the majority of votes. In the second round, Parliament elected one of the two candidates who received the greatest number of votes in the first round.

The President represents the Republic of Estonia in international relations. He appoints and recalls, on proposal by the government, diplomatic representatives of the Republic. He signs instruments of ratification passed by Parliament concerning international agreements and treaties.

He initiates amendments to the Constitution, issues edicts and promulgates laws. In the promulgation of laws, the President has the right of suspense veto. If the Parliament passes for the second time a bill that is not promulgated by the President, the President can then turn to the National Court (see section 2.2.1) for settlement of the dispute.

In urgent matters of national interest when the Parliament is unable to convene, the President can issue edicts which have the force of law, bearing the co-signatures of the Chairman of the Parliament and the Prime Minister. When the Parliament convenes, the President must present such edicts to the Parliament, which then immediately adopts a law either confirming or repealing the edict.

The President declares regular elections to the Parliament and, in accordance with the Constitution, special elections to the Parliament. He convenes the new membership of the Parliament following elections and opens its first session. He also can propose to the Chairman of the Parliament the convening of an extraordinary parliamentary session.

The President designates the candidate for Prime Minister for parliamentary approval. The President appoints and recalls members of the government, on proposal by the Prime Minister.

The President presents proposals to the Parliament for appointments to the post of Chairman of the National Court, State Auditor, Legal Chancellor, Commander-in-Chief of the Defence Forces and Chairman of the Council of the Bank of Estonia. He appoints judges, on proposal by the National Court, and appoints the President of the Bank of Estonia, on the proposal of the bank's council.

The President is the Supreme Commander of Estonia's national defence. He can propose to the Parliament declarations of a state of war, orders for mobilisation and demobilisation and declarations of a state of emergency. In the case of armed aggression against Estonia, he can declare a state of war and issue orders for mobilisation without prior parliamentary approval.

The Chairman of Parliament becomes acting President if, according to a resolution passed by Parliament, the President is continuously unable to fulfil his duties or if his authority has been terminated prematurely (i.e. resignation from office; death; conviction by a court of law). While the Chairman of Parliament is acting President, his authority as a member of Parliament is suspended and he cannot declare special parliamentary elections or refuse to promulgate laws without the consent of the National Court. If the President is unable to fulfil his duties for three consecutive months, or if his authority has been terminated prematurely, the Parliament elects a new President of the Republic within fourteen days.

2. JUDICIAL AUTHORITY

2.1 Legal System

The Estonian legal system is a continental type of system. The law of the Republic of Estonia is a written law. Since the restoration of independence, the legal system has undergone reform. The existing Estonian Constitution was adopted by a national referendum on 28 June 1992.

The Parliament has adopted new laws at a rapid rate; more than 350 laws were passed from October 1992 to January 1995 to replace Soviet laws and codes. The greatest changes have taken place in civil, labour and administrative law. A new body of civil laws has been created with the Parliament's adoption of the Property Law, Family Law, Heritage Law and the general part of the Civil Code.

Estonia's hierarchical order of legal acts consists of:

- Constitution;
- laws and resolutions adopted by the Parliament;
- orders and regulations issued by the government;
- orders and directives issued by ministers; and
- orders issued by local governments.

State power is exercised solely on the basis of the Constitution and laws in conformity with the Constitution. Other legal acts shall be in accordance with the law. Only laws and orders which have been published have obligatory force.

The work of the Parliament, the President, the government and the courts are organised on the principle of separate and balanced powers.

2.2 Court Structure

According to the Constitution, justice is administered only by the courts. The courts work independently and administer justice in accordance with the Constitution and the laws. Any law or other legal act that contradicts the Constitution shall not be applied by the courts in trying any case. Judges are appointed for life and can be recalled only by a court decision.

The court system consists of three levels (instances):

- 1) county and city courts, as well as administrative courts;
- 2) district courts; and
- 3) the National Court.

The Constitution provides the possibility of creating specialised courts.

2.2.1 National Court

The National Court (*Riigikohus*) is the highest court in Estonia. It reviews appellate court judgements on appeal and is the court for constitutional review. Any law or other legal act which contradicts the provisions of the Constitution shall be declared null and void by the National Court. The President of the Republic, the Legal Chancellor or the courts can ask the National Court to review the constitutionality of a legal act.

The National Court's seventeen judges are appointed by the Parliament based on the proposal of the court's Chairman. The Chairman is appointed by the Parliament, on proposal by the President of the Republic.

The National Court is composed of:

- the Civil Court College;
- the Criminal Court College;
- the Administrative Court College; and
- the Court College for Constitutional Review.

The Court College for Constitutional Review fulfils the function of a constitutional court. Its five members are elected by the General Assembly of the National Court. The Chairman of the National Court fulfils the duties of the Chairman of the Court College for Constitutional Review.

2.2.2 Ordinary Courts

The county and city courts and the administrative courts are the courts of first instance. The district courts are the courts of appeal that review the judgements of the courts of first instance on appeal.

- County and city courts give judgements on all civil and criminal cases. There are 21 county and city courts, with one judge hearing administrative cases in each such court.
- The administrative courts issue judgements on complaints about legal acts (only individual acts) and activities of institutions of executive state power, local governments and electoral committees; disputes about administrative agreements; and cases of administrative offenses.

- There are two separately formed administrative courts and there are judges solving administrative disputes at the county or city courts (see above).
- There are three districts courts. Appeals of district court judgements are examined by the special colleges of the National Court.

The Minister of Justice establishes the geographic jurisdiction of the county and city courts, administrative courts and district courts. The judges of these courts are appointed by the President of the Republic, on the proposal of the National Court.

3. LEGISLATIVE AUTHORITY

3.1 Main Bodies

Legislative power rests with the Parliament (*Riigikogu*). The body's 101 members are elected in free elections for four-year terms. As an exception, the first post-war Parliament was elected for a term of two and a half years.

A member of the Parliament may not hold any other public office and is not tied to his mandate. A member's authority is suspended upon his appointment as a member of the government. When a member's authority is suspended or prematurely terminated, an alternate member assumes his seat.

The Parliament has the authority to:

- adopt laws, resolutions and the state budget;
- ratify and denounce foreign treaties;
- present statements, declarations and appeals;
- declare a state of war and emergency;
- elect the President of the Republic;
- authorise the candidate for Prime Minister to form the government;
- decide on votes of no-confidence concerning the government or the Prime Minister;
- decide on the conducting of a referenda; and
- appoint several state officials.

A draft law may be introduced by the government, or a member, political group or committee of the Parliament.

Regular sessions of the Parliament, which are open to the public, take place from January to June and from September to December. There is no quorum requirement in a regular parliamentary session. Legal acts are adopted by a majority of affirmative votes, unless otherwise prescribed by the Constitution.

The Parliament can put draft laws or other national issues to a referendum. If a draft law receives a majority of affirmative vote, it is considered adopted and is immediately promulgated by the President of the Republic. The referendum decision is binding on all state bodies. If a draft law does not receive a majority of affirmative votes, extraordinary parliamentary elections are declared by the President of the Republic. Extraordinary elections are also proclaimed by the President if: the prime ministerial candidate, approved by Parliament, is unable to present a new government to the President; the Parliament passes a

motion of no confidence in the Prime Minister or the government; or the Parliament does not approve the state budget within two months after the budget year begins.

3.2 Associated Structures

The Parliament forms permanent committees and temporary committees which have a fixed mandate and duration. The composition and staff of the committees are determined by the Board of the Parliament. Every member of the Parliament joins one permanent committee. The committees make decisions by a majority vote.

The 10 permanent committees are:

- Finance;
- Economics;
- Constitution;
- Law;
- Foreign Affairs;
- Defence;
- Culture;
- Social Affairs;
- Rural Affairs; and
- Environment.

Political groups (*fraktsioon*) can be formed by at least six members of the Parliament.

3.3 Electoral System

Members of the Parliament are elected in free, direct elections on the basis of the principle of proportionality. The voting is secret. Regular parliamentary elections take place on the first Sunday of March on the fourth year after the previous regular elections of Parliament. Only the citizens of Estonia who have the right to vote take part in the elections. To vote, a citizen must be at least 18 years old and not have been found incapable by the court.

Any citizen who is at least 21 and entitled to vote is eligible for Parliament. A single candidate or a list of candidates may be submitted by a party or a registered electoral union. Parties may unify to form electoral unions.

Estonia is divided into 12 voting districts. Seats are distributed among the districts according to the number of registered voters in each district. Single candidates are declared elected if they obtain more votes than the district's general quota (i.e. the number of valid votes cast divided by the number of seats allocated to the district). Additional seats are awarded to the party lists, based on the number of times the lists' candidates obtained more votes than the district's general quota. Candidates at the top of a party list get these seats if they received an amount of votes totalling at least 10 per cent of the general quota. Finally, parties can participate in a national distribution of compensation mandates, whereby the parties with candidates who obtained at least five per cent of the national votes, or the parties which already won at least three seats in the voting districts, are awarded seats on the basis of a modified *d'Hondt* method.

4. EXECUTIVE AUTHORITY

4.1 Central Government

4.1.1 Head of Government

The head of government is the Prime Minister. He forms and represents the government and directs its work. The Prime Minister may combine his post with the post of one minister. The Prime Minister appoints two ministers to substitute for him during his absence and establishes the procedures and sequence for the substitution.

The President of the Republic designates the candidate for Prime Minister. The Parliament decides whether or not to authorise the candidate to form the government. If the Parliament rejects this candidate or the second candidate presented by the President, the Parliament then designates a Prime Minister candidate. This same procedure applies in the case when the candidate presented by the President, and approved by the Parliament, fails to form the government.

4.1.2 Office of the Head of Government / Office of the Government

The State Chancellery is the Office of Prime Minister and of the government. Its main tasks are the technical and organisational preparation of the government's meetings, publication of legal acts, archiving of documents, and the provision of information, communication, accounting and economic services to the Prime Minister and the government. The State Chancellery is also responsible for co-ordinating the development of the state information systems and for organising the training of state officials.

The State Chancellery is run by the State Secretary, who is assisted by the Director of the Secretariat (Under-Secretary of State). Both individuals are civil servants and are appointed to their post by the Prime Minister. The State Secretary is the highest government official. If the State Secretary is temporarily unable to fulfil his duties, the Prime Minister transfers the State Secretary's duties to the Director of the Secretariat (Under-Secretary of State). The government's resignation is not a basis for dismissing the State Secretary.

The State Secretary participates in the meetings of the government with the right to speak and he has the rights of a minister within the State Chancellery. He prepares the draft agenda of the government's meetings and reviews all draft laws before presentation at the meeting for juridical correctness and conformity to technical norms of legislation. The State Secretary signs the orders of the government, together with the Prime Minister and the minister responsible for the issue.

The agreement of the State Secretary is necessary for appointing and dismissing the chancellors of ministries (see section 4.1.6).

4.1.3 Central Policy-making / Co-ordinating Bodies

The Prime Minister and a maximum of 14 ministers make up the government of the Republic. Eleven ministers oversee ministries and there can be up to three ministers without portfolios. One minister can head more than one ministry.

The President appoints the ministers, and changes to the composition of the appointed government, on the proposal of the Prime Minister. If a minister is temporarily unable to fulfil his tasks, the Prime Minister passes the minister's obligations to another minister.

The government resigns upon the convening of the new Parliament, the resignation or death of the Prime Minister, or a parliamentary expression of no-confidence in the government or the Prime Minister.

The meetings of the government take place at the Prime Minister's decision and according to the agenda he confirms. These meetings are generally closed to the public and usually take place twice a week. In addition to all the ministers, the State Secretary, State Auditor, and the Legal Chancellor may participate in the meeting with the right to speak. The Prime Minister also may invite other persons. The meeting is run by the Prime Minister, or during his absence, by a substituting minister.

There are about 20-30 items on the meeting agenda. The State Chancellery transmits all the draft laws and materials, once approved by the Prime Minister, to all members of the government at least three days before the meeting. For each item, the relevant minister presents a report, other necessary reports are delivered and other ministers state their views. The government makes decisions on the proposal of the Prime Minister. When necessary, a vote takes place. The government can pass resolutions only when at least one-third of the members of the government are present at the meeting.

4.1.4 Consultative / Advisory Bodies

The government may establish special committees to study specific questions. The Prime Minister appoints a minister who heads the committee and reports to the government on the results of the committee's work. The committee's decisions are not obligatory, but its recommendations are subject to government approval. Some committees co-ordinate the work of different government institutions working on certain issues.

In addition, the government can form working group of specialists to fulfil single specific tasks. The group's results are presented to the relevant ministry and to the government by the relevant minister.

4.1.5 Central Management Bodies

Financial Resources Management

The Ministry of Finance is responsible for developing and carrying out the government's financial policy. The Ministry was established in its present form at the beginning of 1993 when the former ministries of Finance and Economy were combined.

The Ministry has responsibility for compiling the draft state budget law, and other draft laws concerning revenues and expenditures of the state. It reviews these draft laws with other main state and local organs, and presents them to the government. The annual state budget covers (percentages reflect the 1995 state budget): the central government (54.6 per cent), grants to local budgets (13.2 per cent) and three extra-budgetary funds -- social insurance budget (19.4 per cent), health insurance budget (12.6 per cent), environment fund (0.2 per cent).

The procedures for the formulation, enactment and execution of the state budget are established by law. The state budget year is the calendar year. The government presents a draft state budget, which is prepared by the Ministry of Finance in collaboration with the line ministries, to the Parliament no later than three months before the beginning of the budget year. If the Parliament does not adopt the state

budget by the beginning of the budget year, the government can make monthly expenditures equalling up to one-twelfth of the previous budget year's expenditures. The Parliament may not eliminate or reduce in the draft state budget law, or in the enacted state budget law, expenditures which have been prescribed by other laws.

The state budget adopted by the Parliament comes into force from the beginning of the budget year. On proposal by the government, the Parliament may adopt a supplementary budget during the budget year.

The Law on Correlation Between Municipal and Town Budgets and the State Budget governs the allocation of funds from the state budget to local budgets. The fiscal year for local governments is 1 April to 31 March.

Human Resources Management

The State Secretary (State Chancellery) and the chancellors of the ministries (see section 4.1.6) are responsible for evaluating the competence of, and organising the work of, all officials in the central government administration.

The State Chancellery plans and organises the training of civil servants. The Institute of Public Administration, the national training institution for civil servants, is under the authority of the State Secretary.

The government is drafting a civil service law for presentation to the Parliament in early 1995, and preparing for the law's implementation (foreseen for 1 January 1996). The Ministry of Finance determines the civil service wage policy and therefore has an important role in the practical organisation of the public service and in preparing civil service reforms.

State Information Systems Management

The State Chancellery's Department of State Information Systems is responsible for the formation and co-ordination of state information policy. Its main tasks are preparing, and co-ordinating the implementation of, development projects for state information systems. This work includes co-ordinating the part of the state budget concerning informatics.

The State Secretary is the head of the Informatics Council, an advisory body to the government on information systems. Most of the ministries have departments responsible for information systems development.

4.1.6 *Line Ministries*

Executive state power in single spheres is carried out by the 11 ministries. The obligations and powers of a ministry are established by the ministry's statute, which is approved by the government. The minister issues regulations and directives to fulfil laws enacted by the Parliament, decrees of the President and regulations and orders of the government.

According to law, the 11 ministries are:

- Agriculture;
- Culture and Education;
- Defence;

- Economics;
- Environment;
- Finance (see section 4.1.5);
- Foreign Affairs;
- Internal Affairs;
- Justice;
- Social Security; and
- Transport and Communication.

Each minister, with the agreement of the State Secretary, appoints a chancellor to manage the ministry's apparatus and implementation of the ministry's budget. The minister can directly appoint Deputy Chancellors to manage single areas in the ministry's governing sphere. The heads of ministry departments, offices and other subdivisions are appointed by the minister on the proposal of the chancellor.

4.1.7 Others Bodies

Boards and Inspections

The government can establish boards and inspections within a ministry's governing sphere. The minister appoints the general directors of these bodies and approves their structure. The budget of boards and inspections is part of the ministry's overall budget.

It is planned to change the boards and inspections into structural units of the ministries. The boards will have a control function and the right to carry out the supervision and inspection over third persons. The inspection offices will supervise and inspect without a control function.

Examples of boards relating to public administration reform (and the ministries to which they are attached) include: Board of Local government and Regional Development (Ministry of Internal Affairs); National Tax Board and National Customs Board (Ministry of Finance); and the State Statistical Office (Ministry of Finance).

The National Labour Inspection Board (Ministry of Social Security) and the National Inspectorate of Commerce (Ministry of Economics) are two examples of inspections bodies.

Privatisation Agency

A privatisation law enacted in 1993 created the Estonian Privatisation Agency, which is responsible for the privatisation of state property and fulfilling other tasks related to property reform.

The agency, which has the status of a juridical person, operates within the jurisdiction of the Ministry of Finance. The agency's statute, which is approved by the government, fixes its rights and duties. The Prime Minister appoints the chairman of the agency's executive body, called the Council. The agency is accountable to its Council, to the government, and to the Finance Minister.

Bank of Estonia

The Bank of Estonia (*Eesti Pank*) is the central bank of the Republic of Estonia. It is the legal successor to the Bank of Estonia, which was founded in 1919 as Estonia's central bank. The Bank, in accordance with the law, arranges currency circulation and has the sole right to issue Estonian currency. It is responsible for the stability of state currency.

The bank reports directly to the Parliament. The highest management organ of the bank is called the Council of the Bank of Estonia. The council's chairman is appointed by Parliament, on proposal by the President of the Republic, to a five-year term. Council members are appointed by Parliament at the proposal of the bank's chairman to a five-year term.

The President of the Bank of Estonia manages the bank's operations and the fulfilment of decisions taken by the bank's Council. The President of the Bank is appointed by the President of the Republic at the proposal of the Bank's Council.

4.1.8 Central Representation at Local Level

The county governments are the state administrative units at the local level. They became the state administrative units after the 1993 local council elections. Previously, from 1989 until the 1993 elections, the counties were part of the local government system. There are 15 counties in Estonia.

The county government is responsible for organising and co-ordinating the work of state institutions on the local level and for carrying out state policy according to the law and the orders of the government and ministers. A governor heads the county government, which consists of the county government office and departments. The governor is appointed by the government, in co-ordination with the county's local government representatives, to a five-year term. The governor cannot hold any other state office. The governor's responsibilities include co-ordinating, as necessary, co-operation among the ministries and other state government institutions and the local government bodies. The governor reports to the government on the county government's activities. The Ministry of Internal Affairs (Department of Local government and Regional Development) is responsible for general co-ordination and organisation of the governors' work.

The governor appoints a county secretary to guarantee the lawfulness of the county government's work.

4.2 Subnational Government

4.2.1 Regional Government

There is no regional government system in Estonia.

4.2.2 Local Government

Local self-government was restored after the 1989 local council elections, the first post-war democratic elections. After the 1993 local council elections, the counties became state administrative units and the towns and rural municipalities were established as the local government units. A part of a town (*linn*) or rural municipality (*vald*) can be established by the local council as a local government unit with limited rights.

There are 46 towns and 209 rural municipalities. The smallest unit is the Piirissaare municipality with about 50 inhabitants and the biggest is Tallinn with about 500 000 inhabitants. The municipalities and towns are a juridical person. For purposes such as protecting joint interests and fulfilling joint tasks, municipalities and towns can work together or create unions of local government units. Municipalities and towns can appeal to the court to obtain protection of their legal rights or to solve conflicts. They can also join, and co-operate with, relevant international organisations.

The local government organs are:

- local council: this representative body is elected to a three-year term by the inhabitants of the rural municipality or town who are entitled to vote. Foreigners and non-citizens who have lived in Estonia for at least two years can vote in these elections. Only Estonian citizens can be a candidate for the local council. The council is headed by a chairman.
- local government: this executive organ is set up by the local council. It is managed by the mayor or the head of the rural municipality, who is elected to a three-year term by the local council.

Local councils have the right to present to the government proposals for adopting and changing laws, orders and regulations. They present these proposals to the relevant minister after first seeking the opinion of the Ministry of Internal Affairs.

The laws on Municipal and Town Budget, and on Correlation between Municipal and Town Budgets and the State Budget, establish the local government budget process. Local governments are financed partly by state budget transfers. The largest part of local government budgets, approximately 52 per cent, comes from individual income tax revenues, land tax revenues, charges for the right to use natural resources, and investment finances.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

The State Audit Office is an independent state organ which supervises the economic activity of state institutions, state enterprises and other state organisations; the use and preservation of state assets; the use and control of state assets transferred to local governments; and the economic activity of enterprises in which the state holds over 50 percent of the votes determined by the shares or stocks, or whose loans or contractual obligations are guaranteed by the state.

The office is headed by the State Auditor who is appointed to a five-year term, and can be recalled by the Parliament, on proposal by the President of the Republic. The State Auditor can participate in the meetings of the government with the right to speak on issues related to his duties. He has the same rights in heading his Office as those specified by law for ministers heading a ministry. The organisation of the State Audit Office is established by law.

5.2 Legal Chancellor

The Legal Chancellor is an independent official who monitors whether the legislative acts adopted by the Parliament, the executive and local governments are in accordance with the Constitution and the law. If the Legal Chancellor determines that an adopted act contradicts the Constitution or the law, he asks the relevant organ to bring the legislation into accordance with the Constitution or the law within 20 days. If the act is not brought into accordance during this time period, the Legal Chancellor asks the National Court to declare the act null and void.

The Legal Chancellor is appointed by the Parliament, on the proposal of the President of the Republic, to a seven-year term. He can be removed from office only by a court decision. The Legal Chancellor can participate, with the right to speak, in sessions of the Parliament and meetings of the government. He presents an annual report to the Parliament. He has the same rights in heading his chancellery as those specified by law for ministers in heading a ministry. The legal status of the Legal Chancellor and the organisation of his office is established by law.

5.3 Trade Unions

The Constitution provides every person with the right to peacefully assemble and conduct meetings and the right to form non-profit associations and leagues. This includes the right to form organisations and unions of employees and employers (i.e. trade unions). Joining a trade union is a voluntary act. Trade unions act on the basis of their own constitutions. A trade union's managing organs are elected at its general meeting.

5.4 Cultural Self-Governments

The Law of Cultural Autonomy of a National Minority gives persons belonging to a national minority of over 3 000 people the right to form cultural self-governments to ensure the fulfilment of cultural rights provided to them by the Constitution. Cultural self-governments must follow the legal acts of Estonia in settling questions belonging to their competence.

6. DELIVERY SYSTEM

6.1 Education

The Estonian Constitution specifies that the provision of education is supervised by the state. School educational policy is determined by the Ministry of Culture and Education and implemented by the School Board .

The Ministry pays for teacher salaries and teaching materials for both state and private schools at the basic, upper secondary and vocation educational institutions. All other costs are borne by the local governments. Each county and major town has a department responsible for the local schools. State higher education institutions are funded through the Ministry but are generally autonomous.

The Estonian educational system includes:

- 724 basic and upper secondary (*gymnasia*) schools;
- 77 vocational education institutions;
- six state-funded universities and eight state-funded institutions of applied higher education; and
- nine private institutions of higher education.

Higher education and research policy is developed by the ministry's Research and Higher Education Department. However, the Estonian Science Council, a body reporting directly to the government, plays the main role in the development of research policy. The government is working to bring most of the research back into the universities. In this regard, the government has submitted to the Parliament draft laws on institutions of higher education and on research and development.

6.2 Health

The Estonian Constitution specifies that the state is responsible for the provision of health care services to everyone living within the territory of Estonia. The government is responsible for general health policy. The Minister of Social Security, the government's health authority, is responsible for implementing the government's health policy.

The health care system is undergoing reform. The health care organisation law, which became effective on 15 February 1994, established a three-level health care system consisting of: out-patient medical care at the primary level; specific inpatient and out-patient medical services provided by the county and town hospitals at the secondary level; and specific medical aid provided by national hospitals at the tertiary level. At the primary and secondary level, health care is arranged by the Administrative Council of National Hospitals of the Ministry of Social Affairs and the administration of Tartu University's Clinic, located in Tallinn.

Health services are covered by Health Insurance funds and subsidies from the state budget. The Health Insurance Law was adopted on 12 June 1991. At present, the communal costs of health care institutions are covered by the state. In the future, these costs will become the responsibility of local governments.

6.3 Social Welfare

In 1993, the governing spheres of the previous ministries of Labour and of Social Care and Health were united under the new Ministry of Social Security. This ministry is responsible for executing social reforms. The main directions of the ongoing social reforms are to:

- re-organise relevant state institutions, decentralise the provision of social care and the licensing of care institutions to the municipalities and towns, and develop the local infrastructure for delivering social services;
- implement the principle of individuality (i.e. taking into greater account the real needs of individuals and families) in administering social security; and
- increase the effectiveness of the social security system.

The state social insurance system includes pension insurance, medical treatment insurance (included pregnancy and childbirth support), work accident and occupational disease insurance, child support, and funeral support.

Social security is organised on the state, county and local government levels. The Ministry of Social Security delivers state social care through the county social and health departments. These county departments are also responsible for co-ordinating, and controlling the quality of, social care delivered by local governments. Support to individuals and families is organised by the rural municipality or the town

government. Local governments decide whether social support is provided through the municipality government, or through state or non-state structures.

The most important social support paid for by the state budget and administered through the local government social offices is the income support provided to individuals in order to guarantee a minimum standard of life.

7. STATISTICS

President of the Republic: Lennart MERI ("Pro Patria"; according to the Constitution, the President must suspend his membership in political parties)

Prime Minister: Andres TARAND ("Moderates")

Party Representation in Parliament (*Riigikogu*)¹ as of 1 January 1995:

	Percentage (to the nearest tenth)	Seats
"Pro Patria"	12.0	12
"Moderates"	12.0	12
Centre Faction	10.0	10
Rural Union Alliance	8.0	8
Coalition Party Alliance	8.0	8
Independents	8.0	8
Rightists	8.0	8
"Royalists"	7.0	7
Estonian National Independence Party	7.0	7
Liberals	7.0	7
Free Democrats	6.0	6
Members who do not belong to any parliamentary group	8.0	8
Total	101	101

At least six members who belong to a party or electoral union, and members who do not belong to any party, may form a parliamentary group. Members can change to another parliamentary group.

¹ The next parliamentary elections are scheduled for 5 March 1995.

Some Important Data from the 1994 Estonian Budget
(thousands of Crowns¹)

Total State Income	8 797 300.0
Total State Expenditure	8 797 300.0
Expenditure of the Main State Bodies:	
Office of the President	9 645.0
Parliament	40 128.5
Office of the Parliament	16 825.5
State Chancellery	101 118.5
Legal Chancellor	3 350.0
National Court	6 952.0
Ministry of Agriculture	7 895.0
Ministry of Culture and Education	9 008.0
Ministry of Defence	24 757.5
Ministry of Economy	17 687.9
Ministry of Environment	7 256.0
Ministry of Finance	41 841.0
Ministry of Foreign Affairs	71 260.0
Ministry of Internal Affairs	21 321.7
Ministry of Justice	7 827.0
Ministry of Social Security	8 607.6
Ministry of Transport and Communication	6 972.0

Total	393 463.2

This data is taken from the 1995 State Budget Law of the Republic of Estonia. The expenditure data concerning the ministries covers only the very machinery of each organ.

¹ On 1 January 1995, the exchange rates were: 1 US\$ = 12.39 Crowns
(Sources : IMF and Eurostat) 1 ECU = 10.07 Crowns

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***PUBLIC MANAGEMENT PROFILE
HUNGARY***

(as of 1 January 1995)

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Main Characteristics

Parliamentary rule in Hungary boasts a long tradition. Popular representation in the civil sense was first introduced under laws passed during the 1848 War of Independence. In 1949, a Stalinist Constitution and a single-party system were introduced. This meant that the real power belonged to the Communist Party, and that the state bodies such as Parliament, government, ministries, and local government had a secondary role. There were many attempts to reform the system after 1968 but it became clear that this was impossible. On 23 October 1989, a democratic Constitution was introduced and the spring 1990 election marked the return of multi-party democracy.

Following the reform of the political institutional system (e.g. citizen rights, freedom of the press, guarantee of the right to association, electoral system), Hungary is emphasising the establishment of a market-oriented economy and institutions for ensuring the development of a democratic society. This includes:

- reinforcing the institutional system for a social market economy (i.e. establishing organisations to manage state-owned property and modernising the banking system);
- adapting the functions and tasks of the state administration to the requirements of a social market economy;
- substantial decentralisation and reinforcing the right of local self-governments to independently and democratically manage local public affairs; and
- concluding the European Association Agreement and preparing for full membership in the European Union (e.g. harmonisation of legislation).

Recent Reforms and Trends

The Parliament, elected in May 1994, approved the new government's three-year, medium-term programme which gives priority to further developing a democratic, constitutional and socially sensitive state, and a market economy based principally on private ownership.

To complete Hungary's political transition, the government announced the framing of a new Constitution. Parliament appointed a 24-member Constitution Preparation Committee, led by the Speaker of Parliament.

To promote co-operation among various strata of society, the government introduced a modern interest conciliation system, and is concluding a social and economic agreement with representatives of the employees and employers. In the area of public finance reform, the government is reviewing state budget support to local governments, and preparing acts on public procurement and treasury assets. The government formed the Public Finance Reform Commission to co-ordinate this work.

The government established the Office of Government Commissioner for the Modernisation of Public Administration to perform tasks related to modernising both central and local public administration, to direct the process of deregulation, and to review the structure of ministries and de-concentrated state administrative organisations.

1. THE STATE

1.1 Nature of the State

Hungary is a unitary state and a parliamentary republic.

1.2 Constitutional Base

With the promulgation of the Constitution on 23 October 1989, and the ensuing formation of the government, the Republic of Hungary became a parliamentary republic, in the European sense. The current relationship of the three main actors in governmental reform -- Parliament, the President of the Republic, and the government -- are determined by the democratic principle of checks and balances. The Constitution puts Parliament in the centre of this system. To promote co-operation among various strata of the society, the Constitution has introduced new institutions -- Ombudsman, the State Audit Office, and the Constitutional Court -- and made provision for motions of no-confidence and counter-signature of some presidential decisions by members of the government. It also introduced the principle of independence for local self-governments. But the creation of the new democratic state is still in transition.

1.3 Head of State

The President is the head of state of the Republic of Hungary. He stands for national unity and oversees the democratic operation of the state. The President of the Republic is elected by Parliament for a term of five years, and may be re-elected for another five-year term.

The President of the Republic has an important role in forming the government: he makes the proposal to Parliament for the post of Prime Minister and appoints the ministers on the recommendation of the Prime Minister.

The President of the Republic has a rather limited administrative authority. He can act only according to proposals usually made by the Prime Minister or the government. Since the enforcement of the new Constitution, one of the most interesting constitutional questions is how independently the President of the Republic can exercise his authority. While presidential authority is not regulated in detail, in some cases the Constitutional Court has interpreted the Constitution and has declared that "the President can reject a proposal only in very exceptional cases."

The President needs the counter-signature of the Prime Minister or another relevant minister to exercise some aspects of his authority -- for example, to conclude international treaties; to appoint and accredit ambassadors and envoys; to grant clemency; and to appoint or dismiss a minister or state secretary, the President of the Hungarian National Bank, the Vice-President of the Supreme Court, or a judge. A counter-signature transfers responsibility for that Act from the President to whoever counter-signs it. Areas of presidential authority not requiring counter-signature include: representing the Republic of Hungary; exercising presidential privilege to participate and speak at parliamentary sessions and at meetings of parliamentary committees; initiating legislation and referenda; and setting the date for parliamentary and local general elections.

The Constitution gives the President the right to initiate legislation and a limited veto. Once an act is passed by the Parliament, it is signed by the Speaker of the Parliament and sent to the President of the Republic. The President signs it and sends it for promulgation. If the President of the Republic does

not agree with the act or any provision thereof, he may return it, unsigned, with his comments to Parliament for re-consideration. Parliament debates the proposed act and re-submits it to the President. Once the re-considered act has been returned to him, the President is bound to sign it and send it for promulgation.

If the President thinks that any provision of a proposed act is unconstitutional, he may request a report on its constitutionality from the Constitutional Court. If the Constitutional Court finds it to be unconstitutional, the President of the Republic returns the proposed act to Parliament. Otherwise he is bound to sign the Act. This has rarely happened.

2. JUDICIAL AUTHORITY

2.1 Legal System

The law of the Republic of Hungary is a written law. Usually the different branches of the judiciary have their own code. There is a Civil Code, a Code of Civil Procedure, a Criminal Code and a Code of Criminal Procedure. Since the change in regime it has been necessary to adapt the law to the new democratic social circumstances. Almost every important code has required additional supplements or modification.

The Act of the Legislation XI (1987) defined the following types of laws:

- acts of Parliament;
- governmental decrees;
- decrees of the Prime Minister and members of the government; and
- by-laws of local self-governments.

In conformity with the above hierarchy of authority, no inferior legal rule shall be in opposition to any superior rule.

The Constitution establishes a separation of powers between the legislative, executive and judicial branches of government. The executive branch may make law, but its legislative rights are limited. Governmental decrees may be enacted by the government in those areas provided for in the Constitution or by authorisation of an act of Parliament. Decrees of ministers may be enacted by ministers acting either in their areas of activity under authorisation of an act of Parliament, or by governmental decree.

The court is the main body responsible for administering justice. Central and local-level public administration organisations have the right and duty to implement the law within their authority. The Act of the Procedures of the Public Administration IV (1957) defines the procedures for the public administration to make decisions concerning the rights and duties of citizens. Generally, a decision of the public administration may be appealed by any concerned person or organisation and judged by the hierarchically superior administrative agency. In Hungary there is no separate administrative court. At each level special councils of the ordinary courts are empowered to rule on the legality of most administrative decisions.

In accordance with the Constitution, the Prosecutor's Office also has an important role in protecting citizens' rights. In the event of a violation of law, the Prosecutor's Office acts to uphold the decision and ensures conformity in accordance with the law.

2.2 Court Structure

2.2.1 *Constitutional Court*

Separate from the "ordinary courts" mentioned above and other branches of power, the Constitution introduced in 1989 the Constitutional Court. It was established to develop the rule of law, to protect the constitutional order and the fundamental rights set out in the Constitution, to provide for the separation of powers and to create equilibrium (a first in the history of Hungary). The Constitutional Court thus became one of the most important institutions in the system of checks and balances.

The authority of the Constitutional Court includes:

- preliminary examination for unconstitutionality;
- *a posteriori* examination for unconstitutionality of legal rules and other legal means of state guidance;
- verification of conformity with international treaties;
- decision-making with respect to constitutional complaints;
- elimination of unconstitutionality by omission;
- elimination of conflict of responsibility arising between state organs; and
- interpretation of the Constitution.

The Constitutional Court may annul any law or legal measure found to be unconstitutional. It thus exerts effective constitutional control over the activity of the different bodies of the state administration. Eleven members of the Constitutional Court, including the President and Vice-President, are elected by Parliament for a term of nine years and may be re-elected once. Members of the Constitutional Court may not be Members of Parliament or hold any local self-government post. They may not hold office in any state organ or be a leader of a union or similar interest group. Members may not be entrepreneurs and shall not be members of any party. They are independent, and make decisions based on the Constitution and other acts. The court proceeds by full session or by chambers composed of three members. Court decisions are final and without appeal.

2.2.2 *Ordinary Courts*

The courts in the Republic of Hungary are organised on three levels: the Supreme Court of the Republic of Hungary; the Court of the Capital City and county courts; and local courts. Legislation may provide for the establishment of special courts to deal with special cases.

At the court of first instance, the courts proceed in councils formed of professional judges and lay assessors. At the next stage there are only professional judges. Judgements of the local courts may be appealed to the Court of the Capital City or the county court. Judgements in the first instance of the Court of the Capital City or county courts may be appealed to the Supreme Court of the Republic of Hungary. The Supreme Court sets guidelines for the judicial work of all courts. The directives and decisions on questions of principle of the Supreme Court are binding in every court. The President of the Supreme Court is nominated by the President of the Republic and elected by Parliament. The

Vice-President of the Supreme Court and all judges are appointed by the President of the Republic. Judges are independent and subordinate only to the law.

3. LEGISLATIVE AUTHORITY

3.1 Main Bodies

Parliament is the main legislative authority in Hungary. The unicameral Parliament consists of 386 members elected for four-year terms. The political composition of the new Parliament reflects a multi-party system: representatives of six parties got the majority (99.5 per cent) of parliamentary seats in the May 1994 elections.

The return to parliamentarianism and the constitutional authority vested in the Parliament clearly makes it the strongest branch of the state. Hungary's transition to a law-governed state and the shift in regime require strenuous legislative efforts on the part of Parliament. The Constitution enumerates Parliament's power to:

- pass the Constitution of the Republic of Hungary;
- enact laws;
- determine the socio-economic plan of the country;
- approve the state budget and its implementation;
- determine the government's programme;
- ratify the most important international agreements for Hungary's foreign relations;
- deploy armed forces at home or abroad;
- dissolve any local representative body operating unconstitutionally;
- call referenda; and
- grant amnesty.

Parliament has substantial powers over the entire government organisation. Parliament elects the President of the Republic and, on recommendation of the President, elects the Prime Minister. Election of the Prime Minister and acceptance of the government's programme are mandated by the same vote.

The government is responsible to Parliament. As in Germany, the Constitution introduces the constructive vote of no-confidence in the Prime Minister. This means that members may raise a motion of no-confidence only when they simultaneously propose a new Prime Minister. In order to oust the government, opposition parties must not only agree on the vote of no-confidence, they must also arrive at a consensus for a new Prime Minister.

Parliament also has increased supervisory powers. Parliamentary control can be seen at work in both the plenary sessions (interpellation, questions and answers, and ministerial reports) and in committees.

Parliament also elects the members of the Constitutional Court, the Ombudsman for the Protection of Civil Rights and for the Protection of National and Ethnic Minority Rights, the president and the vice-presidents of the State Audit Office, the president of the Supreme Court, and the General Prosecutor.

Institutions attached to Parliament -- the State Audit Office (see section 5.1) and the Office of the Ombudsman (see section 5.2) -- assist in the supervisory activity of Parliament.

Presence of more than one-half of the members makes a parliamentary quorum. Decisions require an affirmative vote by more than half of the members present. Some decisions, such as amending the Constitution, require a two-thirds majority vote.

The Constitution sets out a number of rules on the principle of incompatible power-sharing. The following shall not be members: the President of the Republic; members of the Constitutional Court; Ombudsmen; the president of the State Audit Office, its vice-presidents and auditors, judges, and procurators; employees of the state administration (except members of the government and the political state secretaries); staff members of the armed forces; and the police and other law-enforcement officials.

3.2 Associated Structures

The Parliament has a Speaker and three deputy speakers. As the highest-ranking officer and public dignitary, the Speaker is the central figure at parliamentary sessions and during preparations for them. The Speaker convenes and opens meetings and puts forth motions for the agenda. He conducts the debates of Parliament, enjoys a wide scope of authority, and plays a significant role in parliamentary decision-making.

The new Parliament established 17 standing committees as follows:

- Agriculture;
- Audit;
- Budgetary and Financial;
- Constitutional and Legislative;
- Culture and the Press;
- Defence;
- Economic;
- Education, Science, Youth and Sports;
- Employment and Labour Affairs;
- Environmental Protection;
- European Integration;
- Foreign Affairs;
- Human Rights, and Minority and Religious Affairs;
- Immunity, Incompatibility and Mandate;
- Local Self-Government and Law Enforcement;
- National Security; and
- Social Welfare and Health.

Parliament may also delegate special committees or *ad hoc* committees to investigate specific issues.

The composition of the parliamentary committees corresponds to the election returns of the various parties. Parliamentary committees in Hungary are not open, and although they regularly consult with experts, their membership is restricted to members. The committees are the consultative, advisory and control bodies of Parliament and they play a particularly important role in its legislative, supervisory, and control activities. Committees initiate legislation, submit motions for amendments and decide on motions put forth by members. The supervisory rights of the committees are determined by the Constitution. If summoned, individuals and groups are duty bound to supply information and to appear at committee hearings.

3.3 Electoral System

The Law on Parliamentary Elections (Law XXXIV 1989) provides for a rather complicated, mixed electoral system. In this dual two-vote system, the voter casts one vote in support of the individual representative he favours in a given constituency, and another vote for the party of his choice. In both cases, a majority of votes is required to secure a seat in Parliament.

To be nominated in an individual constituency, a candidate needs at least 750 recommendation slips signed by registered voters in that district. Similarly, a party must collect a minimum of 750 signatures before it may put up its own list of candidates. To put up a regional list, a party must have fielded candidates in at least one-quarter of the individual constituencies and in no circumstances fewer than two individual constituencies. In order to put up its own national compensatory list, a party must meet the conditions for compiling a minimum of seven regional lists. The Electoral Act was intended as a political transition reflecting social realities. This is why it introduced the mixed system. The vast majority of voters favoured the new larger parties on both voting slips.

In the parliamentary elections of May 1994, in contrast to those of spring 1990 when 95.6 per cent of the mandates went to new members, a larger share of parliamentarians (124) were re-elected: 32 members in the 176 individual constituencies, 47 members on the area lists, and 45 members on the national list.

4. EXECUTIVE AUTHORITY

In Hungary, government administration is distinguished at three levels: central, county and local. State bodies are organised at the regional level in only a few areas.

The government is the main executive body. Consisting of the Prime Minister and ministers, it is responsible for implementing the laws passed by the Parliament. However, the Constitution also provides a strong role for the Prime Minister. He is the only member of the government to be elected by Parliament and is responsible to Parliament for all government policies (see sections 4.1.1 and 4.1.3).

Ministers are responsible for implementing the government's programme, as determined by both the Parliament and the government. They are supported by the political and administrative state secretaries. The Administrative State Secretary is the administrative head of the ministry and has four deputies (see section 4.1.6). The structure of the ministries varies in accordance with the law.

A minister may make decisions independently within the authority of the law. In preparing the government agenda his opinion must be considered.

One of the specific characteristics of Hungary's central administration is the existence of "central offices" which exercise authority independently but which are responsible to either the government or to an individual minister (see section 4.1.7).

Although Parliament has the strongest legislative power, the government and the ministers also have some legislative authority. In most cases, however, legislative proposals are made by the government. The legislative procedure is regulated by the Act of Legislation (see section 2.1). In cases where a new regulation affects a significant part of the population, it may be discussed by the National Interest Conciliation Council (see section 5.3).

4.1 Central Government

4.1.1 *Head of Government*

The Prime Minister is the head of the Hungarian Government.

One specific feature of Hungarian parliamentarianism is that under the Constitution, the Prime Minister is the supreme authority for government activity and responsibility. The ministers and state secretaries are appointed and dismissed by the President of the Republic, on the recommendation of the Prime Minister. The government is formed when ministers have been appointed. The present Constitution has created a system of government which expects almost total political solidarity of ministers with their Prime Minister. For example, while the government (individual ministers) has authority over the Constitution and other legal provisions, the Prime Minister is free to set practical limits on this authority.

This relationship between the Prime Minister and his ministers is, however, modified by shifts in the balance of power in Parliament. If the Prime Minister wants to rely on a parliamentary majority, he must consider the political intentions of the ministers delegated by the other coalition party.

In theory, the composition of the government (including the minister without portfolio and political state secretaries) reflects the distribution of seats in Parliament of the parties in the coalition.

4.1.2 *Office of the Head of Government*

The Prime Minister's Office (PMO) has three main functions:

- assisting the Prime Minister to develop policies by providing him with information, co-ordination and political and professional advice;
- strengthening and co-ordinating the activities of the government by organising government sessions and finalising (in written form) the government's decisions; and
- providing an organisational framework for the minister without portfolio and for those governmental activities not covered by any other central organisation (for example, the Secretariat of the Government Commissioner for the Modernisation of Public Administration and the Secretariat of the Co-ordination Council for Children and Youth Affairs).

The administrative head of the PMO is the Administrative State Secretary who is responsible not only for the functioning of the office but also for co-ordinating the work of the government and preparing government sessions.

The personal advisers and a group of staff advisers (Advisory Body) are immediately subordinate to the Prime Minister. They are responsible for proposing solutions to the most pressing policy problems. In the framework of the PMO, the Cabinet Office which is headed by a Political State Secretary, provides day-to-day assistance to the Prime Minister.

The PMO includes political state secretaries who report directly to the Prime Minister. They oversee special activities of the PMO (for example, the government's national and ethnic minorities policy).

4.1.3 *Central Policy-making / Co-ordinating Bodies*

The government is the central policy-making and executive body consisting of 14 members: the Prime Minister, 12 ministers with portfolio and one minister without portfolio. The government has overall responsibility for implementing the law. All matters which concern the authority of executive power -- except those which, by law, are immediately passed on to the ministers -- must be submitted to and approved by the government. The government directs and co-ordinates the work of the ministers and of other organisations directly subordinate to them.

The government is in session once a week. Sessions are usually "all-day" meetings covering some 15-20 items. Compared with other countries, meetings of the Hungarian government are relatively long and cover more items. This may be explained by the "change of regime" which introduced a special set of circumstances.

Proposals may be submitted to the Government by:

- its members;
- the Administrative State Secretary and Political State Secretary in the Prime Minister's Office, on the basis of a decision taken by the government or the Prime Minister;
- the President of the Central Statistical Office, heads of organisations with nation-wide competence (with the prior approval of the member of the Government responsible for supervising the organisation), and the Government Commissioners for matters falling within their jurisdiction; and
- other organisations and individuals, on the basis of a government decision or the prior approval of the Prime Minister.

In addition to the Prime Minister and the ministers, the following people regularly attend meetings of the government: the Administrative State Secretary of the Prime Minister's Office, his Deputy General, and the Head of the Prime Minister's Cabinet Office.

The Prime Minister presides over government sessions. When he is unavailable, he delegates a minister (currently the Minister of Finance) to preside. Ministers are obliged to take part in the meeting of the government. In instances when they are unavailable, the Political State Secretary of the ministry shall act as substitute-minister. If the Political State Secretary of the ministry is also unavailable, the Administrative State Secretary of the ministry shall act as a substitute minister. State secretaries may take part in the meeting and the debate but they have no right to vote.

The government makes decisions by a majority of votes. In case of a tie, the Prime Minister casts the deciding vote. Within its own authority, the government issues decrees and passes resolutions. Decrees issued by the government must be promulgated in the Official Gazette.

The Meeting of the Administrative State Secretaries

The meeting of the Administrative State Secretaries plays an important role in decision-making and preparation of the issues for the agenda of the government session. This meeting is organised, convened and presided over by the Administrative State Secretary of the Prime Minister's Office. The meeting is held prior to the government session and consists of administrative state secretaries of each ministry, the Deputy General of the Administrative State Secretary of the Prime Minister's Office and the

Chief of Cabinet of the minister without portfolio. In addition, the Political State Secretary and deputy state secretaries of the PMO, the Chief of the Cabinet of the Minister of Interior, and the Government Commissioner for Modernisation of Public Administration regularly attend these meetings. Every issue on the government's meeting agenda must be submitted at this weekly meeting. The purpose of the meeting is to approve issues for the government meeting agenda. Without the approval of this meeting, issues may only be put forth with permission of the Prime Minister.

4.1.4 Consultative / Advisory Bodies

The government has set up several cabinets and government committees.

Cabinets

Current constitutional practice imbues the concept of a "cabinet" with a special meaning. It is a consultative body which prepares government issues and presents preliminary views on questions requiring a government decision or concerning achievement of the government's political and economic goals. It is important to know that the cabinet has no authority to make a decision. The government has created the Government Cabinet, the Economic Cabinet and the National Security Cabinet.

The government has established a Government Cabinet to discuss policy matters, to determine the formulation and management of related policy proposals and to co-ordinate the preparation of urgent measures requiring immediate governmental decision. The Government Cabinet's range of tasks does not affect those of other decision preparation and decision-making organisations. The Government Cabinet is headed by the Prime Minister, and its members are the ministers of Interior, Foreign Affairs and Finance. The Administrative State Secretary of the PMO and the Chief of the Prime Minister's Cabinet hold permanent invitations to attend the Government Cabinet meetings.

The Economic Cabinet is consulted on strategic economic issues and prepares government decisions dealing with the government's economic policy. All important economic issues must be presented and debated by this body before the government session. The leader of the Economic Cabinet is the Minister of Finance who has a key role in the elaboration and implementation of the government's economic goals. The Political State Secretary of the Ministry of Finance serves as the cabinet's secretary. Members include the ministers of Agriculture, Industry and Trade, Environment and Regional Development, Transport, Communications and Water Management, Labour, and Welfare. Also invited to the Economic Cabinet meetings are the President of the Hungarian National Bank, the President of the National Competition Office, the President of the Central Statistical Office, the Government Commissioner for Privatisation, and the Deputy State Secretary of the PMO responsible for economic affairs.

The National Security Cabinet co-ordinates the national security activity of the government and prepares government decisions. The Minister of Interior leads this cabinet, and the Ministry of Interior's Political State Secretary acts as the cabinet secretary.

Government Committees

Committees prepare decisions and are the co-ordinating and supervisory bodies of the government. The government can create standing committees and *ad hoc* committees. Usually a committee has no authority to make a decision, unless empowered to do so by the government.

4.1.5 Central Management Bodies

The structure of the central administration has changed over the last few years. In 1987, the government decided to carry out economic reform aimed at building a market-type economy by giving more scope for market forces and reducing the role of the central administration in the economy, especially in the management of state property. Privatisation of state property has begun and the number of state-owned enterprises has decreased. However, the remaining state enterprises have become more independent from the central administration.

One consequence of the increasing independence of the various economic bodies of the state has been that the function of the central administration has changed, particularly in the economic area. The central administration has less power in managing state enterprises and has had to concentrate on more general economic problems. As state enterprises became more independent, intervention of the central administration in the every-day life of state enterprises was reduced. This was the main reason for the change in the function and the structure of the central administration. Reform of the central governmental structure preceded the changes to the political system and continued after the free election. The main elements of reform were:

- reduction in the number of ministries to create larger and more independent units with a wide authority;
- reduction in the number of central office to streamline and clarify the hierarchy of the government (the Constitution abolished the position of the State Secretary in the central offices)(see also section 4.1.7);
- elimination of the Central Planning Office and the National Price Office (the Minister of Finance is now responsible for long-term strategy);
- reduction in the number of government commissions (most of them have been eliminated);
- appointment of minister without portfolio to manage important government tasks not falling under the responsibility of any ministry.
- establishment of the National Competition Office to provide competitive conditions and control market activities of enterprises (the office is independent from the government);
- establishment of the State Property Agency and the State Asset Holding Company to manage and privatise state enterprises (the Agency and the Company are responsible to the government);
- passage of a new law defining the legal status of civil servants (Law XXIII of 1992); and
- appointment of the Government Commissioner to manage the continuous comprehensive modernisation of central and local public administration.

Financial Resources Management

In Hungary the budget is also undergoing modernisation. The Ministry of Finance is responsible for reforming the budgetary system and for initiating and co-ordinating modernisation of financial management. One of the first measures of this modernisation is a new law regulating budgeting and state

financial management (Law XXXVIII 1992). It was enforced at the beginning of July 1992. Its main principles are the following:

- the state budget consists of a budget for central administration (central budget), a budget for the separated funds, a budget for local governments and a budget for National Social Insurance;
- the central budget is made up of chapters;
- management of budget-sponsored institutions is based upon a yearly budget; and
- the budgetary year is the same as the calendar year.

In accordance with the law, the rights and duties connected with the budget are shared by bodies of the state. The line minister collaborates with the Minister of Finance during preparation of the budget, directs the planning of the chapter of the budget in accordance with budgetary principles, prepares the detailed budget proposal of the chapter, follows up on implementation, and prepares the final accounting report of the chapter. On the basis of the principles determined by the Ministry of Finance, the line minister manages those state funds which fall under his authority.

The Minister of Finance is responsible for developing the government's economic policy. He prepares and co-ordinates actions concerning the budget, implements the central budget and initiates government measures when there is a significant difference between the budgetary allowance and the real expenditure. The Minister of Finance manages the state deficit and prepares proposals for spending the budget reserve fund. He also exercises, with agreement of the minister concerned, ownership rights of state properties belonging to the Treasury. He registers budget-sponsored institutions, state debts and treasury property and is authorised to regulate the bank accounting systems of the central budget and the budget resource allocation system.

The government prepares a draft budget and presents it to Parliament. The budget for the year and plan for its implementation (final accounts) must be approved by Parliament. During the decision-making procedure, each committee of Parliament discusses the part of the draft budget which falls under its responsibility. If during the year implementation of the budget is endangered by unexpected circumstances, the government is obliged to initiate a supplementary budget. After the first half-year, the government is obliged to inform Parliament about the general situation of the budget.

The State Audit Office (as the central body of the Parliament) has an important role concerning the budget (see section 5.1). It reports on the draft of the budget and the final account of the state budget. Both reports must be presented to Parliament at the same time as the draft budget and the final accounts.

Human Resources Management

Under the Communist system in Hungary, civil servants had no special legal status. They had some rights and obligations like other employees but there were no criteria for becoming a civil servant. For this reason, a new law was enacted concerning the legal status of civil servants (Law XXIII of 1992). This law entered into force on 1 April 1992, and is one of the most important laws enacted under the new administration. The political aim of the new regulation is to have politically neutral, impartial civil servants who use up-to-date professional skills to support the work of the public administration.

The new law defines the meaning of "civil servant" and the organisations covered by this law. The issue of civil servant status concerns legal relations (established in order to provide the work) between

the state or local government and civil servants, administrators and physical workers acting on their behalf. It defines the obligations and rights of civil servants. Civil servant status may be given to a Hungarian citizen with a clean record who is responsible and meets the educational requirements. Civil servant status shall not be granted if civil servants enter into supervisory relations with relatives.

With few exceptions, civil servant status is given for an indefinite time. When nominated, civil servants take an oath. They may resign at any time. In case of dismissal they shall receive pecuniary compensation in addition to their salary during the dismissal period. The new regulation establishes a so-called "career system" which fixes a grade based on individual qualifications and years of experience in the civil service. To enter office at the first level of the career system, civil servants must pass a general administrative examination. To be promoted, civil servants must pass a special administrative examination. Before being nominated for a higher position, a civil servant's work performance must be evaluated as "appropriate" to the position.

Civil servants having the necessary work experience defined by law shall be promoted if, after a probationary period, their qualifications meet the requirements for the higher position. In a few cases civil servants may be promoted before the end of the probationary period, but only after meeting the requirements of the higher position. The salary of the civil servant is based on classification, although local governments are authorised to depart from these rules (with approval of the government, the minister and the head of the central office may offer a different salary).

By law, civil servants are obliged to carry out duties which benefit society in accordance with the rules and the decisions of the directive body. They are required to be professional, impartial and just. Civil servants shall carry out the instructions of their direct supervisor except if it violates the law. They shall have the right to offer in writing different opinions if they disagree with the decision or instruction of their supervisor. Civil servants may turn directly to the Labour Court to enforce claims connected with civil service relations. Civil servants may join unions and have the right to strike. They are registered with a central civil service registration system directed by the Ministry of the Interior.

An Administration and Civil Service Council has been established under the auspices of the government. The members of this Council are appointed by the Prime Minister. It is responsible for establishing the basis for governmental decisions regarding administration and civil servants and to play an advisory, reporting and coordinative role.

4.1.6 Line Ministries

Along with the government, line ministries have the main responsibility for implementing the government's programme. The minister directs the line ministry and the organs subordinate to it in accordance with the provisions of law and the resolutions of the government.

The minister is supported in his job by state secretaries and deputy state secretaries. The Law XXXIII of 1990 defines the legal status of state secretaries. Public administration officials must be politically neutral. The responsibilities and the legal status of state secretaries is regulated in accordance with this premise. In every ministry there are two state secretaries:

- the Political State Secretary represents the minister in Parliament (he may be deputised with full rights in plenary and committee sessions) and holds office as long as the government is in office. While the Political State Secretary may take part in debates at government meetings, he or she has no right to vote; and

- the Administrative State Secretary (appointed for an indefinite term) may act in the place for the minister in the absence of the Political State Secretary (except at Parliamentary plenary sessions) as empowered by the minister. The Administrative State Secretary has four deputies who are appointed by the minister on the proposal of the Administrative State Secretary.

There are currently 12 line ministries, including:

- Interior;
- Agriculture;
- Defence;
- Industry and Trade;
- Environmental Protection and Urban Development;
- Foreign Affairs;
- Labour;
- Culture and Education;
- Welfare;
- Finance;
- Justice; and
- Transport, Communications and Water Management.

In addition to participating in shaping government policy, ministers without portfolio (currently one) may have special assignments.

4.1.7 Other Bodies

Central Offices

In addition to the ministries, a number of other central organisations (called "central offices" or organisations with a national scope of authority) play an important role in central governmental management. They have responsibility for carrying out specific tasks in a given field of activity. They may be established by Parliament or by the government. In most cases, they are immediately responsible to the government. Their activities are controlled by a member of the government.

Central offices are independent, and receive orders from the government, not from the ministers. While central offices may seem as independent as the ministries, one very important distinction exists -- central office heads are not members of the government and cannot make law.

The most important and most independent central offices are:

- Central Statistical Office;
- National Technical Development Committee;
- Office of Reparation;
- Office for National and Ethnic Minorities;
- National Office for Standards;
- National Patents Office;
- National Office of Nuclear Energy;
- National Office of Physical Education and Sport;
- National Supervisory Office of Banking Activity; and
- Governmental Control Bureau.

There are also several other less independent central offices which are also part of the central administration. Their main function is to help ministries in their jobs. They are, however, relatively independent from the ministry as an organisation. In most cases, they are empowered to deal with a specific issue in a determined field of public administration. One very important element distinguishes them from the previously discussed organisations -- their activities are covered by the minister's authority and responsibility and they fall under his supervision.

Some of these central offices are:

- National Tax Office;
- National Supervisory Office of Shares;
- National Police Headquarters;
- State Service for Public Health and Supervision of Epidemics;
- National Occupational Safety Inspectorate;
- National Office of Water Management;
- Directorate of Civil Aviation;
- Institute of Telecommunication Frequency Management;
- National Office of Telecommunications;
- Directorate of Roads and Transport;
- Copyright Protection Office; and
- Office for the Environmental Protection.

Management of State Property

The Parliament passed two Acts in 1992 (Acts LIII and LIV) which determine the enterprise assets that are to remain permanently, or to be held temporarily, under state ownership.

The State Property Agency exercises, in accordance with the economic policy decisions of the government, the rights of ownership for assets to be held temporarily under state ownership. This agency is a budgetary organisation directed by the government through the Government Commissioner for Privatisation. The agency's highest-level decision-making body is the Board of Directors. The board's Chairman and 11 members are appointed by the Prime Minister for a term of four years. The activities of the State Property Agency are supervised by the State Audit Office.

The State Asset Holding Company is responsible for the management and efficient operation of state-held enterprise assets to remain permanently under state ownership. The company is a single-entity corporation in which a government-appointed person exercises the state's rights of ownership. The Prime Minister appoints the 11 members of the company's Board of Directors, and the five-to-seven members of the Supervisory Committee that oversees the company's operations. The company awards concession contracts for the management of state-held enterprise assets through a competitive, open (or limited) tendering procedure.

4.1.8 Central Representation at the Regional / Local Levels

Before 1990, the structure of local and regional public management was based on the principles of the council system. Councils existed at the county and local levels. The essence of this system was that the councils, as public authorities, were linked with the administration by means of their respective executive committees. The local executive committees had significant power over the administration but were responsible directly to the county executive committees who were in turn accountable to the government. Public management was mostly realised through this hierarchical network. Given these

circumstances, the county and local councils were not really independent and in practice there was no distinction between central governmental interests and local and territorial interests.

The Constitution provides that any enfranchised citizen of a village, a town, the capital city and its districts, or a county is entitled to the right of local self-government. Local self-government means autonomous and democratic management of local public affairs by the communities concerned and the exercise of local public authority in the interests of the local population. To implement this provision of the Constitution, the formal “soviet line” county and local government system was fundamentally changed. The main elements of this change are the identification and separation of central affairs, county affairs and local affairs, substantial decentralisation of scope of authority, subsidiarity, and financial autonomy.

The Local Self-government Law (LXV 1990) sets out provisions for county and local government and determines the basic principles of the separation of central and local affairs.

Public Administration Offices

In September 1994, taking into account the experiences of the first term of local self-governments (elected in 1990), the Parliament approved amendments to the Local Self-government Law (LXV 1990). These amendments abolished the office of Commissioner of the Republic in every region and in the capital city (a total of eight commissioners), and replaced it with Public Administration Offices in the counties and the capital city. The Minister of the Interior appoints and directs the heads of the Public Administration Offices.

The most important tasks of the Public Administration Office (PAO) are to:

- supervise the legality of the operations of local self-governments, but only by examining the legality of their decisions;
- request, on the basis of its findings, that the State Audit Office conduct an audit of the local government’s financial management;
- co-ordinate, from the standpoint of administrative organisation, the activities of other state administrative organisations operating in the territory; and
- provide professional assistance to local governments in matters falling within their sphere of competence.

At the local government level, the PAO is the public administration authority for public affairs within its administrative jurisdiction (as determined by acts and government decrees). The PAO decides upon legal remedies in affairs of administrative authority of local self-governments proceeded on the first instance.

When the PAO determines that a local government has operated illegally, it asks the local government to terminate the illegal operation within a given time period. The local government must examine the matter and inform the head of the PAO of any corrective measures taken, or of any disagreement with the PAO’s finding, within this time period.

The head of the PAO can petition the Constitutional Court to review a local government’s directive, or the courts to review a local government’s resolution. The submission of the petition does not have a delaying force on implementation. The PAO can ask the courts to suspend implementation of a

resolution if implementation would cause serious damage to the public interest. It must ask the courts to suspend implementation if implementation would cause irreparable damage to the public interest.

Deconcentrated State Administrative Organisations

Deconcentrated state administrative organisations exist to manage matters of public administration which are not within the authority of local governments. They exercise authority independently of the county and local self-government and are responsible directly to higher organisations and to ministries or the government. Deconcentrated state administrative organs currently exist in the fields of water management, land registration, police, tax administration, reparations, public health and epidemics.

4.2 Subnational Government

4.2.1 Regional Government

There is no tradition of regional government in Hungary. Only a few public institutions of the central administration have been established at this level. These include the Organisation of Water Management, and some health services (see section 4.1.8).

4.2.2 Local Government

Hungarian settlements are classified by law into the following types: village, town, city of county status, the capital and its districts (see section 4.1.8). The Law on Local Self-Government (LXV of 1990) ensures that every Hungarian citizen has a fundamental right to elect a local government. Citizens may influence local government through a body of elected representatives. They also have their own say directly through local referenda.

Local governments constitute a system in which there are no hierarchical relations. Their decisions are subject to revision only by the Constitutional Court or, if there is a breach of the law, by the local courts. Generally, state bodies have only normative control over local governments.

- Parliament regulates:
 - the legal status, exclusive tasks and functions, mandatory tasks, types of mandatory organs, guarantees of operation, financial means and the basic rules of the economic management of local governments; and
 - the legal status of the representatives of the local government, the order of the elections, and their rights and duties.
- The President of the Republic calls general elections of local government.
- The government ensures that the legality supervision of the local self-governments complies with the law, determines the qualification requirements for the local personnel by decree, directs the implementation of the tasks of state administration and ensures the conditions of their execution. An Act of Parliament or government decree conferred by an Act of Parliament may confer state administrative jurisdiction on a mayor or the Mayor of the Capital and a president of the county council.

- Amongst the line ministries, the Minister of the Interior has a key role in the relationship between the central state organs and local governments.

There are only two ways for direct intervention in local governments:

- Parliament may dissolve a body of representatives (after a motion has been made to this effect by the government and in consultation with the Constitutional Court) if its operation is unconstitutional (in the first term, the Parliament dissolved only one body of representatives of a village); or
- the county or capital city Public Administration Office may exercise limited control over the legality of the activities of local governments.

Local governments are legal entities and may pass by-laws. Their tasks and functions are the responsibility of the representative body (represented by the mayor). The representative body plays an important role in decision-making and may pass by-laws, which is a fundamental right of local governments. It is up to them to regulate public affairs with a local interest (local social questions not covered by law, e.g. local services). Local governments are entitled to the right of free association and may create their own organisations of special interest.

In accordance with the law, tasks of the local government shall include the following: local development, re-settlement, protection of the built and natural environment, housing management, water management, sewage, maintenance of public cemeteries, maintenance of local public roads and public areas, local public transport, garbage collection and settlement clearing, fire protection and local public security, collaboration with local energy supplies, employment promotion, primary education, health care and social services, and enforcement of the rights of national and ethnic minorities.

Local governments may voluntarily undertake any local matter not covered by legal provisions and not within the responsibility of another authority.

County governments are also legal entities. Their tasks and functions are executed by a body of representatives elected directly by the citizens. County governments are represented by the chairman of the county assembly. They execute tasks laid down by law and which are not mandatorily prescribed for municipal governments. An Act may require county governments to provide public services of a regional character -- that is, covering large parts of the county territory. A county government may issue decrees within the range of its own activities and it may call county referenda. County governments must provide services such as secondary education, vocational training, student hostels, and special health care beyond the basic care, in the event these services are not being provided by the local government.

Hungary has 3 156 local self-governments, 2 844 of which have a population under 5 000 inhabitants. There are 19 counties and four types of "communities" with the following percentages of the Hungarian population living in them:

- 2 920 communities (36.8 per cent);
- 173 cities (24.2 per cent);
- 20 large cities, with county rights (19.5 per cent); and
- Budapest, the capital, is divided into 23 districts and has special status (19.5 per cent).

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

The State Audit Office is the financial and economic supervisory organisation of Parliament and it is the supreme supervising organ of the state. The State Audit Office supervises the management of state finances. This includes checking that the state budget as proposed is well-founded and that expenditures are appropriate. It counter-signs the contracts on loans taken by the Treasury, performs a preliminary check on the legality of how the state budget is used, checks the final accounts of the state budget, and supervises the management of state property and the activities of state-owned enterprises and ventures. The task of the State Audit Office is to check that those responsible conserve and add to the value of the state's assets.

The State Audit Office monitors publicly financed institutions, state budgetary support allocated to local governments, and social foundations and other organisations. It also controls the administration and allocation of the National Social Insurance Fund.

On the order of Parliament or at the request of government, the State Audit Office may conduct *ad hoc* investigations and perform checks on aspects of legality, cost-effectiveness, and efficiency.

The Chairman of the State Audit Office reports to Parliament on investigations carried out during the year. This report must be published. The Parliament elects the President and Vice-Presidents of the State Audit Office.

5.2 Ombudsman

The institution of ombudsman has no tradition in Hungary. In order to provide as much guarantee as possible of the state administration's democratic work, the modified Constitution lays down basic provisions for an ombudsman.

In accordance with the Constitution, there are two kinds of ombudsman:

- the Ombudsman for the Protection of Civil Rights will investigate or have investigated any abuse of constitutional rights that has come to his attention, and will initiate redress of general or particular measures; and
- the Ombudsman for the Protection of National and Ethnic Minority Rights will investigate any abuse of national or ethnic minority rights that comes to his attention and will initiate redress of general or particular measures.

The Ombudsman for the Protection of Civil Rights is elected by Parliament, after nomination by the President of the Republic. The work of the Ombudsman for the Protection of National and Ethnic Minority Rights will be carried out by a body which will include one person from each national and ethnic group to be nominated by the organisations of national and ethnic minorities and elected by the Parliament. For the protection of certain constitutional rights, Parliament may elect separate ombudsmen.

5.3 Trade Unions

In Hungary, the structure of the unions has changed parallel with the "change of regime". Under the previous regime, unions were not independent and their operations were controlled by the Communist Party. Currently, the old unions still exist but many new unions have been established. Many of these newly established unions are small and represent the interest of a rather narrow sector of employees.

Employees in public administration are not required to be members of unions. On the other hand, unions have an important role in the National Interest Conciliation Council where they represent the employees' interests and where the representatives of the government and the employer also are present. This body debates each government proposal which may influence the living standards of the people. Trade unions were given representation on the National Health Insurance Board and the National Pensions Board in proportions equal to the support they received in the 1993 trade union elections.

6. DELIVERY SYSTEM

Great changes have occurred in the organisation and operational systems of Hungary's public services in the past few years. In particular, new legislative regulations were passed in the public service fields, in accordance with the requirements of the social market economy. The process of institutional restructuring and the modernisation of financing also began in the spheres of education, social welfare, and especially health care.

6.1 Education

The Constitution of the Republic of Hungary guarantees the right to education to Hungarian citizens. The state provides free primary school education, which is compulsory for children from age six to age 16. Secondary and higher-level education is universally accessible on the basis of ability.

The Act on Public Education (Act LXXIX of 1993) provides that the operation of the public education system, including nursery school, primary and secondary training and education, and hostel provision, is a task of the state. This Act regulates in detail the rights and obligations of the child, pupil, parent and teacher.

Primary school takes place over the course of ten grades, after which it is possible to take the examination for the certificate of primary education. Secondary school studies, depending upon the type of school, may begin in the fifth, seventh or ninth grades of school. Following completion of the twelfth grade, it is possible to take the examination for the certificate of secondary education which allows entry into higher education institutions.

The majority of primary schools are the responsibility of local governments whereas the majority of secondary schools are the responsibility of county or town governments. This means that while these governments are obliged to take care of education in primary and secondary schools, the state partially supports them through the state budget on a normative basis.

In addition, there are training and education institutions run by churches and foundations. These institutions receive funds from the state and local government in proportion to the number of state and local government tasks they undertake.

The Act on Higher Education (Act LXXX of 1993), which took into account the Magna Carta of the European Universities, regulates the system, operation and autonomy of institutes of higher education and the role of the state.

An institute of higher education is a legal entity established by Parliament, or with its approval. It is professionally independent and self-governing, and it may either be a college or a university. The majority of Hungary's institutes of higher education are state universities (25) and state colleges (34). There are fewer church or foundation-run universities (6) and colleges (27).

The annual higher education development and operating budget, which is included in the Ministry of Culture and Education chapter of the Budget Act, is approved by the Parliament. The Minister for Culture and Education, who plays a fundamental role in the formulation of the government's education policy, supervises the legality of the state institutes of higher education.

6.2 Health

The Hungarian Constitution specifies that the state is responsible for the provision of health care services to everyone living within the territory of Hungary.

Fundamental health care reforms have been introduced with the main aim of creating the opportunity to freely choose physicians and health care institutions. In addition, reforms to health care financing are being prepared.

The health care system comprises basic health services, hospital services and special clinic services. Local governments are responsible for basic health services, including general practitioners and specialists. The organisation of basic health care services is based on districts. Everyone who lives in Hungary belongs to a specific medical consulting district.

In practice, general practitioners see the patient before making a referral for further examination or treatment to a practising specialist at the primary level or a hospital. They may also call on the services of health visitors, home nurses and local social services.

Hospitals are run and established by local governments which are responsible for maintaining hospital services for the inhabitants of their territory. The health service provided by local government is sponsored by the National Health Insurance Fund and by the state budget. Clinics are at the highest level of the health care services and provide special treatment for patients who need medical treatment beyond that provided by hospitals. Clinics are closely linked to medical universities.

The government is responsible for general health policy. The Minister of Welfare is the health authority and is responsible for implementing the government's health policy.

6.3 Social Welfare

The Constitution of the Republic of Hungary declares the right of the citizen to social security. In the event of old age, illness, disability, widowhood, orphanhood or unemployment, citizens are entitled to receive the social security benefits required for subsistence.

The social security system is managed by the Pensions Board and the Health Insurance Board, and their organs. The members of these self-governing, insurance boards are insured persons and employers who pay insurance contributions. These two boards participate in the regulation of social security conditions, and they independently manage the assets belonging to the social security insurance funds, including the funds' property. One of the most important tasks for the coming period is to ensure that the social security insurance funds have the necessary assets to ensure their independence.

The insurance boards are legal entities and their tasks and spheres of authority are controlled by the General Meeting, which is a body composed of 60 representatives of insured persons (elected in 1993 by the Hungarian citizens from a national list) and representatives of employers who pay insurance contributions (delegated by the national interest organisations representing employers' interests). The General Meeting's representatives receive a four-year mandate.

The insurance boards discuss the budgets of the insurance funds and the reports on the implementation of these budgets, which are then submitted to Parliament for approval. The state's supervision of the insurance boards is performed by the Parliament and the government. The State Audit Office supervises the management of the insurance funds' assets by the insurance boards.

Administration of general social services and administration of social security is divided into two levels -- central and local. The main regulations of the state social welfare system covering provisions for family allowances, unemployment benefits, and social security.

At the central level the Minister of Welfare has a key role in the implementation of the government's social welfare programme. He is responsible for preparing proposals for central (Parliament or government) social welfare measures, and central resource allocations to local self-government.

The Minister of Labour is responsible for dealing with the unemployment problem. The National Labour Market Centre is under his responsibility. To manage the unemployment problem, the Centre and its regional offices must identify and create jobs, register places of work and help the unemployed to find jobs. If they are unsuccessful, they make unemployment benefits available.

Social insurance includes old age pensions, sickness benefits, rehabilitation aid, disability pensions, occupational injury benefits, maternity grants and maternity leave.

Local governments also take care of social welfare measures. They pay social aid for those who need it, establish homes for destitute children and for the aged, and help to create places of work. The social welfare activity of local governments is supported by the state through its budget.

7. STATISTICS

President of the Republic: M. GÖNCZ (Alliance of Free Democrats)

Prime Minister: G. HORN (Hungarian Socialist Party)

Party Representation in Parliament (29 May 1994, post-elections):

	Percentage (to the nearest tenth)	Seats
Hungarian Socialist Party (MSZP)	54.1	209
Alliance of Free Democrats (SZDSZ)	17.9	69
Hungarian Democratic Forum (MDF)	9.8	38
Independent Smallholders Party (FKgP)	6.7	26
Christian Democratic People's Party (KDNP)	5.7	22
Federation of Young Democrats (FIDESZ)	5.2	20
Agrarian Federation	0.3	1
Joint Candidate	0.3	1
	-----	-----
Total	100	386

In accordance with parliamentary procedure, representatives of parties that hold mandates and members who do not belong to any party may join parliamentary groups. Parliamentary groups play an important role in the preparation of parliamentary decisions, and the initiatives, proposals and comments put forward on their behalf carry substantial political clout. Six months after leaving their parliamentary group, members can join another parliamentary group.

The political role which the parliamentary groups assume in Parliament depends largely on whether they support the government or the opposition. The two-party coalition government is made up of the Hungarian Socialist Party and the Alliance of Free Democrats.

Some Important Data from the 1995 Hungarian Budget
(millions of Forints¹)

Total State Expenditure: **1 914 142.5**

Expenditure of the Main State Bodies:

President of the Republic (including the amount of awards 63 MFt)	210.1
Parliament (including party sponsorship)	5 862.2
Constitutional Court	352.0
Supreme Court	656.8
Prosecutor's Office	4 455.8
State Audit Office	871.1
Ombudsmen's Office	115.0
Prime Minister's Office	62 517.2
(including the budget and sponsorship of other central organs and programmes. The expenditure of the PMO proper is 1 225.4 MFt)	
Ministry of the Interior	393 994.8
Ministry of Defence	76 939.6
Ministry of Welfare	256 855.7
Ministry of Justice	21 227.6
Ministry of Transport, Communications and Water Management	77 594.6
Ministry of Foreign Affairs	10 605.3
Ministry of Agriculture	38 265.8
Ministry of Labour	14 401.3
Ministry of Finance	244 653.4
Ministry of Culture and Education	126 444.8
Ministry of Industry and Trade	18 666.1
Ministry of Environmental Protection and Urban Development	12 361.3

Total	1 367 050.5

¹ On 1 January 1995, the exchange rates were: 1 US\$ = 110.69 Forints
(Sources: IMF and Eurostat) 1 ECU = 89.98 Forints

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***PROFILE OF PUBLIC MANAGEMENT
LATVIA***

(as of 1 January 1995)

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Main Characteristics

The Republic of Latvia established itself as an independent state on 18 August 1918, and received international recognition in 1920. On 15 February 1922, the republic adopted its Constitution (*Satversme*). Following the signing of the Hitler-Stalin pact of 23 August 1939, Latvia was totally occupied by the Soviet Union (from 17 June 1940). Latvia was incorporated into the Soviet Union against its will, and the new government was formed by the dictate of the Soviet Union.

On 4 May 1990, Latvia's Supreme Council (the name for the supreme executive body at that time) adopted a declaration "on the renewal of the independence of the Republic of Latvia". This declaration pronounced as illegal the Hitler-Stalin pact of 1939 and the subsequent loss of independent statehood. Simultaneously, the Supreme Council declared null and void the 21 July 1940 decision of the Latvia's Parliament to "join the USSR".

The Supreme Council passed the Constitutional Law on 21 August 1991, which re-established the authority of the 1922 Constitution in the entire territory of Latvia and established the rights and duties of individuals. This paved the way for the re-establishment of de facto independence which concluded with the convening of the democratically-elected Parliament (*Saeima*) in the Fall of 1993.

An essential characteristic of Latvia is the relatively large number of Russian-speaking immigrants who settled in the country during the Soviet occupation period. Ethnic Russians constitute approximately 34 per cent of Latvia's entire population. The Parliament passed the Law on Citizenship, which regulates the granting of citizenship and naturalisation, on 27 July 1994.

Recent Reforms and Trends

Economic reforms have included the introduction of a stable currency, while ambitious plans for privatisation of industry and municipal housing were scaled back. Foreign policy reforms have emphasised joining European and international security and economic organisations.

Latvia has actively pursued public administration reforms. A new civil service system was introduced, and Latvia's School of Public Administration was created in April 1994 (see section 4.1.5). The Law on Self-Government, enacted in June 1994, established a new system of local government and set up a system of negotiation between the Cabinet of Ministers and local governments (see sections 4.1.8 and 4.2.2). The Law on Budget and Financial Management was enacted in March 1994 to replace the 1990 Organic Budget Law, and the State Control was created as an independent institution with the adoption of this Law on State Control in November 1993 (see sections 4.1.5 and 5.1).

A Ministry of State Reform was established in 1993, for a projected term of two years, to develop and carry out state policies for central administration and local government reforms. The new government, formed in September 1994, announced that this ministry will be dissolved before the autumn 1995 parliamentary elections, and its functions reassigned.

At the request of the Prime Minister, a working group of the ministries of State Reform and Justice prepared in late 1994 the government's draft public administration reform programme. In particular, the programme emphasised reforms to relations between society and the government.

1. THE STATE

1.1 Nature of the State

Latvia is an independent, democratic republic where sovereign power belongs to the people. Latvia is a parliamentary state.

1.2 Constitutional Base

The Constitutional Law of 21 August 1991 re-established the authority of the 1922 Constitution (*Satversme*) and enumerated the rights and obligations of individuals.

1.3 Head of State

The President of the Republic is the head of state (hereafter referred to as "the President"). He is elected by the Parliament (*Saeima*) by secret ballot with a majority vote of at least 51 of the 100 deputies. The President's term is for three years and he may be re-elected consecutively only once.

The President represents the state in international relations, and carries out the decisions of the Parliament concerning the ratification of international treaties.

The President serves as chief of the armed forces, and can declare war on the basis of a decision of the Parliament. He has the right to take steps indispensable to the military defence of the country if another state has declared war on Latvia or attacks Latvia's territory. At the same time, he must immediately convoke the Parliament, which will decide upon the declaration of war and the commencement of hostilities.

The President nominates for Parliament's consideration a candidate to form the Cabinet (i.e. the government in Latvia). The President has the right to convoke extraordinary meetings of the government, and to preside over such meetings. The President holds the right of legislative initiative, and promulgates the laws passed by the Parliament. Within seven days of parliamentary adoption of a law, the President can ask the body to revise the law. If the Parliament does not amend the law, the President cannot raise any further objections.

The President has the right to withhold promulgation of a law for a period of two months. He must suspend promulgation on the demand of at least one-third of the members of Parliament. The suspension of a law's promulgation opens up the possibility of an annulment law by referendum (see section 3.1).

The President has the right to propose the dissolution of the Parliament by decree, which shall then be followed by a public referendum. In such a referendum:

- If more than half the voters oppose dissolution of the Parliament, the President will be considered as having resigned, and the Parliament will elect a new President for the duration of his unexpired term of office.
- If more than half of the voters support dissolution of the Parliament, than the body is considered dissolved and new elections will be proclaimed.

All decrees of the President must be countersigned by the Prime Minister, or by the minister concerned, who thereby assumes full responsibility for the decrees, except for decrees on the dissolution of the Parliament and the designation of a candidate to form the Cabinet.

The President is considered above partisan politics and is not politically accountable for his actions in the same manner that a minister is.

On the motion of no fewer than one-half of the members of Parliament, the Parliament -- in a session closed to the public -- may initiate a vote to dismiss the President. The motion passes by a majority vote of not less than two-thirds of the members. After such a decision, the Parliament immediately elects a new President. The Parliament also is authorised to prosecute the President for criminal offenses.

If the President resigns from office or is dismissed before the completion of his term, the Chairman of the Parliament will carry out the duties of the President, pending the election of a new President. The Chairman of the Parliament also carries out these duties when the President is absent from the territory of Latvia or is in any other way prevented from performing his duties.

2. JUDICIAL AUTHORITY

2.1 Legal System

The Latvian legal system is a continental one, and the republic's law is written.

2.2 Court Structure

The Constitution (*Satversme*) establishes that all individuals are equal before the law, and that judges are independent and subject only to the law. The Parliament confirms, and in effect, appoints the judges. Judges cannot be dismissed.

The procedures for reviewing court cases are provided by the Constitution; the Law on Judicial Power (adopted by the Supreme Council on 15 December 1992); laws on civil procedure, criminal procedure and administrative procedure; and the Law on the Preservation and Utilisation of Documents of the Former KGB and Finding Facts of Collaboration.

The hierarchy of judicial power is structured as follows:

- Constitutional Court;
- Supreme Court;
- Regional Courts (five in number); and
- District (City) Courts, which are established according to Latvia's administrative divisions of territory.

The law to establish the Constitutional Court has not yet been enacted.

The District Court is court of first instance for reviewing civil, criminal, and administrative cases on administrative and legal grounds.

District Court cases are reviewed by panels consisting of a judge and two lay judges. On some occasions provided by law, cases may be reviewed by a single administrative judge.

The Regional Court is the court of first instance for civil, criminal and administrative cases being reviewed for legal compliance. Civil, criminal and administrative cases are reviewed by a judge and two lay judges.

The Regional Court also is the appellate court for civil, criminal and administrative cases which have been reviewed at the District Court-level by a single administrative judge. These cases are reviewed by three judges.

The Supreme Court consists of the Senate and four panel courts: Civil Court, Criminal Court, Commercial Court and Constitutional Court. The Supreme Court Panels serve as appellate courts for cases which have been reviewed by the Regional Courts as courts of first instance. The Supreme Court Senate is an appellate court for the decisions of the State Control body (see section 5.1), and cases reviewed by the District and Regional Courts as the court of first instance. The Senate is composed of four departments: Civil, Criminal, Commercial and Administrative.

All the Supreme Court justices form the Plenum, which is a general meeting of the justices of the Supreme Court's Senate and panel courts. The Plenum adopts compulsory explanations for the courts on the application of laws.

The Chief Justice of the Supreme Court is, upon the recommendation of the Cabinet of Ministers (see section 4.1.4), selected from among the appointed Supreme Court justices and approved by the Parliament for a term of seven years. Supreme Court justices are selected by the Supreme Court's Senate and approved by the Parliament on the recommendation of the Cabinet of Ministers.

2.3 Prosecutor's Office

The main functions of the Prosecutor's Office are to investigate and present criminal cases before the courts.

3. LEGISLATIVE AUTHORITY

Legislative power in Latvia rests with the Parliament (*Saeima*) as well as with the people of Latvia, within the limits laid down by the Constitution.

3.1 Main Bodies

The Parliament is the principal legislative institution in the country and Parliament consists of 100 deputies elected by universal, equal, direct and secret vote for a term of three years.

Draft bills may be submitted to the Parliament by the President, the Cabinet of Ministers, the committees of the Parliament, at least five members of the Parliament, or one-tenth of the electors in the manner provided for in the Constitution.

The Parliament elects its Presidium which consists of the Chairman, his two deputies and secretaries. The Presidium convenes the parliamentary sessions and, by decree, extraordinary sessions. It must convene a session when this is requested by the President, the Prime Minister or at least one-third of the members of Parliament.

The sittings of Parliament are public, but the Parliament can decide by a majority vote of at least two-thirds of the members present to close a session, when this is requested by ten members of Parliament, the President, the Prime Minister or a minister.

The Parliament ratifies international agreements dealing with issues to be settled by legislation. It also decides on the strength of Latvia's armed forces in time of peace.

Before the beginning of each financial year, the Parliament decides on the draft central government budget submitted by the Cabinet of Ministers (see section 4.1.6). At the conclusion of the financial year, the Cabinet submits for confirmation by the Parliament a statement showing the actual implementation of the central government budget.

3.2 Associated Structures

The Parliament elects standing committees and determines the number of committee members and their duties.

The Parliament has 18 permanent committees:

- Foreign Affairs;
- Budget and Finance;
- Legal Affairs;
- Human Rights;
- Education, Culture and Science;
- Defence and Internal Affairs;
- State Administration and Local Government;
- Economy, Agricultural and Regional Development;
- Social and Employment Matters;
- Mandates and Submissions;
- Government Review (Interpolations);
- Audit;
- Administration of Parliament;
- Internal Audit;
- National Security; and
- Implementation of Citizenship Law.

At the request of no fewer than one-third of its members, the Parliament appoints parliamentary inquiry committees to deal with special issues, for example to review major privatisation cases or to investigate a banking crisis.

3.3 Electoral System

Members of Parliament are elected on the basis of proportional representation in accordance with procedures defined by law. All Latvian citizens who are at least 21 years of age are eligible for the Parliament, except certain persons specified by law (i.e. persons directly employed by certain military, security or intelligence agencies of the former Soviet Union or other countries).

The country is divided into five electoral regions. Lists of candidates, signed by at least 100 voters, are presented in each region. The electors vote for a list of candidates, but they also can indicate which candidates they do or do not support on the list. The number of deputies elected from each regional is directly proportional to the number of voters in the region. Seats are distributed among the political parties according to the so-called "Saint-Laguë" method. Parties must obtain at least five per cent of the national vote to be represented in Parliament.

All Latvian citizens who are at least 18 years old are entitled to vote, except those who have been recognised as incapable according to procedures defined by law and those who are in prison serving a court sentence or as a security measure.

4. EXECUTIVE AUTHORITY

4.1 Central Government

4.1.1 Head of Government

The Prime Minister, whose formal title is President of the Cabinet of Ministers, is the head of the Latvian Government. He is the main politically responsible person, but the President maintains representative functions (see section 1.3).

The Prime Minister is appointed by the President, who usually chooses a representative of the party which controls the majority of votes in the Parliament. The Prime Minister and the Cabinet of Ministers he has formed must receive the confidence of the Parliament.

The entire Cabinet of Ministers must resign if the Parliament expresses a vote of no confidence in the Prime Minister. If the Parliament approves a vote of no confidence in a particular minister, the minister must resign and the Prime Minister nominates another person to take his place.

The Prime Minister, as President of the Cabinet of Ministers, presides over the Cabinet meetings. If the Prime Minister is temporarily absent or if he is otherwise kept from fulfilling his office, his duties are fulfilled by a designated Deputy Prime Minister.

4.1.2 Office of the Head of Government / Office of the Government

The State Chancellery functions within the Cabinet of Ministers and provides services to the Cabinet and the Prime Minister. The State Chancellery is managed by a director who is appointed in accordance with the Law on Civil Service (see section 4.1.5). He is assisted by the Deputy Director for Legislative Affairs who oversees the juridical, information technology and clerical departments of the State Chancellery.

Two types of advisers work in the State Chancellery: advisers to the Cabinet of Ministers (approximately 14) who work in the Secretariat of the State Chancellery and are supervised by the Director of the State Chancellery; and the advisers to the Prime Minister (approximately six) who work in the Office of the Prime Minister, a sub-unit of the State Chancellery, and are supervised by the head of this office. These two groups of advisers work together in studying draft laws submitted by the ministries.

4.1.3 Central Policy-making / Co-ordinating Bodies

The Cabinet of Ministers is the central policy-making and executive body. It consists of the Prime Minister and the ministers appointed by him. The number of ministers, the scope of their activities, and the mutual relations among government departments are determined by the Law on the Structure of the Cabinet of Ministers, which was adopted in 1925 and renewed on 15 July 1993.

The Prime Minister has the authority to appoint as many deputy prime ministers as he wants, and may nominate ministers without portfolio to perform specific tasks. The current Prime Minister (as of 1 January 1995) has appointed two deputy prime ministers. The ministers without portfolio have the full right to vote in the Cabinet of Ministers sessions, but do not manage a permanent ministry structure.

The Prime Minister's deputies act for the Prime Minister as necessary, and manage the committees that are formed to prepare issues for review at meetings of the Cabinet (see section 4.1.4).

The Prime Minister, in consultation with a minister, can appoint a state minister to manage a specific branch falling within the competence of the minister's ministry. This state minister administers the branch independently and has the right to vote in the Cabinet of Ministers only on those issues connected with his branch.

The Cabinet of Ministers discusses all the issues which, in compliance with the Constitution and the law, are within its competence. It considers all bills presented by individual ministries, all questions concerning the activities of various ministries, and all questions of state policy put forward by the individual Cabinet members.

The Cabinet of Ministers adopts decision with a majority vote of the Cabinet members present.

The State Controller (see section 5.1) can participate in the meetings of the Cabinet of Ministers as an adviser. The Prime Minister can authorise one of his advisers and a ministry representative to participate in a meeting of the Cabinet in the capacity of adviser.

4.1.4 Consultative / Advisory Bodies

The Cabinet of Ministers can form committees to prepare issues for review at its meetings. The composition of these committees is defined by an order of the Prime Minister.

The Cabinet has formed three committees. Two of them are headed by a deputy prime minister, and the third one is chaired by the Minister of Education and Science, who does not have the position of deputy prime minister but who was appointed by the Prime Minister as head of the committee:

- Foreign Affairs and Security Problems, chaired by the Minister of Foreign Affairs;
- Economic and Finance, chaired by Minister of Finance; and
- State Reform and Social Problems, chaired by the Minister of Education and Science.

4.1.5 Central Management Bodies

Financial Resources Management

The Cabinet of Ministers ensures the formulation and execution of the central government budget, and determines the framework of the financial activities of local government. The central government budget and local government budgets are made up of the general budget and the special budget. The fiscal year is the calendar year.

The Ministry of Finance is responsible for preparing the annual budget law and the accompanying explanatory information. The ministry issues instructions for preparation of the budget proposals to the primary budget executors. The ministry prepares the draft law on the central government budget on the basis of the budget proposals. The primary budget executors receive the draft law and have two weeks to present their objections. The Ministry of Finance attempts to resolve any differences with primary budget executors, who may submit issues that remain in dispute to the Cabinet of Ministers.

The Ministry of Finance submits the annual central government budget law to the Cabinet of Ministers and, beginning in June, the Cabinet holds meetings on the draft law. The Cabinet of Ministers must submit the draft law to the Parliament by 1 October. If the Parliament rejects the draft law, this is an expression of no confidence in the Cabinet.

The Cabinet of Ministers ensures the execution of the annual budget law. Each year, it submits for confirmation by Parliament a statement showing the actual implementation of the previous year's central government budget.

Management of State Reform

The Ministry of State Reform was established in 1993 with the aim to develop and carry out state policies for state administration and local government reforms. The ministry is scheduled to be dissolved in the summer 1995, at which time its functions are slated for reassignment.

The Ministry of State Reform is responsible for:

- government structure and administrative reforms, including local government reform;
- civil service reform;
- training of civil service candidates;
- introduction and management of the anti-corruption programme; and
- development of mechanisms and structures for solving ethics problems and conflicts of interest.

The Ministry of State Reform has two departments, Central Government Reforms and Local Government Reforms, and two autonomous sections, one for law and one for public relations.

The State Civil Service Administration and the Latvian School of Public Administration are subordinate institutions to the Ministry of State Reform, but they are not a part of the ministry. The directors of these two institutions report directly to the Director of the State Chancellery.

Latvia's new civil service system was introduced in 1994 by the Law on Civil Service and the Law on Disciplinary Procedures for Civil Servants. A separate Code of Ethics does not yet exist but several regulations of the Cabinet of Ministers spell out ethical norms.

A civil servant is a person who, according to the law, has become an employee of the civil service by acquiring a civil service position. Political officials -- encompassing include ministers, state ministers, parliamentary secretaries of ministries, the State Auditor, the Prosecutor General, and elected officials of local self-governments -- are not civil servants. Persons employed on the basis of a labour contract also may work in public institutions. Advisors to political officials and their assistants are normally employed on a contractual basis and leave the institution together with the political officials. Technical and economic functions in public institutions also are normally carried out by contract employees, not civil servants.

The State Civil Service Administration is responsible for the management of the civil service. Its main tasks are:

- developing and carry out general regulations for the organisation of the civil service;
- reviewing the background and professional qualifications of the applicants for civil service positions to ensure they meet the minimum legal requirements;
- organisation of examinations for civil servant candidates; and
- registration of civil servant candidates, civil servants and contract employees.

The Latvian School of Public Administration was established in April 1994 to carry out the following functions:

- develop and offer a curriculum for preparing state and local government employees to obtain the status of civil servant, according to the requirements of the Law on Civil Service (1994);
- prepare the content of the civil service examinations, deliver and correct the exams, and announce the results; and
- co-ordinate the training of civil servant candidates and the qualification of civil servants for promotion.

4.1.6 *Line Ministries*

The work of each ministry is managed by a minister who is responsible to the Parliament for the work of the ministry and its subordinate institutions. The Prime Minister, in consultation with the minister, can appoint a state minister to manage a branch within the competence of the ministry.

The minister appoints political officials such as the parliamentary secretary and the state secretary, and political employees such as advisors and assistants.

The parliamentary secretary is responsible for representing the ministry's political point of view and defending draft laws prepared by the ministry in the Parliament, parliamentary committees and other

state institutions. The state secretary manages the ministry's administrative work. The parliamentary secretaries resign when the government and the minister resigns.

Ministers, even if they are not members of the Parliament, have the right to attend the sittings of the Parliament and its committees, and to introduce amendments to draft laws.

The 13 ministries, some which include state ministers, are as follows:

Ministries	State Ministers
Agriculture	<ul style="list-style-type: none"> • for Co-operation • for Forestry
Culture	
Defence	
Economics	<ul style="list-style-type: none"> • for Energy • for Privatisation
Education and Science	
Environmental Protection and Regional Development	<ul style="list-style-type: none"> • for Environment
Finance	<ul style="list-style-type: none"> • for External Resources • for State Property
Foreign Affairs	<ul style="list-style-type: none"> • for Baltic and Nordic Co-operation • for External Trade and European Union
Interior	
Justice	
Social Welfare	<ul style="list-style-type: none"> • for Social Affairs • for Health
State Reform	
Transport and Communications	

4.1.7 Other Bodies

The Privatisation Agency, a subordinate institution of the Ministry of Economics, manages the assets of government businesses that will be sold. The State Property Fund, a subordinate institution of the Ministry of Finance, has managerial oversight responsibility for government businesses and properties that will remain in the public sector.

4.1.8 Central Representation at the Regional / Local Levels

The following ministries currently have representative offices at the local level: Agriculture, Education and Science, Environmental Protection and Regional Development, Finance, and Interior.

The Law on Self-Government, which took effect on 6 June 1994, provides that the Cabinet of Ministers must consult with local government representatives before adopting decisions that will affect any or all local governments. This consultation is realised through a system of negotiation that has been established between the Cabinet of Ministers and local government. The Union of Local Self-Governments, a nation-wide organisation to which 486 of Latvia's 595 local self-governments belong, represents local governments in the negotiations. The Cabinet must review any areas of disagreement that emerge from the negotiation meetings.

The Law on Self-Government anticipates stronger supervision of local governments by the central government, particularly for ensuring the legality of local government decisions. The Ministry of State Reform presently supervises the legality of decisions taken by local government councils, but this supervision responsibility will be reassigned when the ministry is dissolved in the summer 1995. The Minister of State Reform can suspend an illegal decision of the local government council, but only the courts have the right to cancel the decision. The Minister of State Reform also can suspend the chair of a local government council if he violates the Constitution, the law, regulations of the Cabinet of Ministers or court orders. In addition, the Cabinet of Ministers has the right to submit to Parliament the request to dismiss a local government council if this council has repeatedly violated the Constitution, the law, regulations of the Cabinet of Ministers or court orders.

4.2 Subnational Government

4.2.1 Regional Government

There is no regional government.

4.2.2 Local Government

There is a two-level system of local government in Latvia which consists of 69 towns and 492 rural municipalities on the first level, and 26 districts on the second level. In addition, there are seven cities which combine these two levels into one, thereby fulfilling the functions of both the first-level and second-level local governments.

According to the Law on Self-Government (1994), the main functions of towns and rural municipalities are the organisation of public services for inhabitants and activities in the fields of education, culture and primary health and social assistance. The towns and the other municipalities determine and collect local taxes and dues in accordance with the respective laws. The district governments possess responsibilities in fields of health, education, culture and social assistance at the district level.

The organisational structure of local governments is determined by the Law on Self-Government and by the charter which is approved by each local government's council. Each type of local government has a council. The councils are elected directly by Latvia's citizens under a proportional system.

The participation of inhabitants who are not citizens of Latvia in local government is intended to include, as suggested by the Council of Europe Convention on the Participation of Foreigners in Public Life, the following: participation as experts in the work of self-government committees and in the work

of special committees established to deal with problems of non-citizens in areas where there are a large number of non-citizens.

The local government council approves the local government's charter, budget and plans for social-economic development and environmental protection. It elects, and can recall, the council's chairman and vice-chairmen, and members of standing committees established by the council.

Every council must establish an auditing committee. It elects and can dismiss the committee's chairman and members, who cannot be elected or appointed local government officials. The auditing committee supervises the financial management of the local government and conducts an audit of the local government's operations every year.

The councils also can appoint and dismiss an executive director who serves as an assistant to the council's chairman and carries out the council's decisions.

Local government employees are covered by the Law on Civil Service (1994) and must be brought into the civil service system by 31 December 1996. It has not yet been decided which local government institutions and jobs will be covered by this system. It is anticipated that most education, medical and commercial activity employees of local governments will be excluded.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

The State Control is an independent, collegiate institution bound by the Constitution and subordinate only to the Parliament. It is a member of the International Organisation of Supreme Control Institutions (INTOSAI), and corresponds with the requirements set forth in INTOSAI's statutes.

The State Control is responsible for auditing the state budget. It controls the expenditures and collections of the state budget and special budget funds, and ensures that operations with state property are legal, efficient and effective. The State Control also is responsible for controlling state-owned enterprises which operate with state-owned property or are financed by the state budget. Such enterprises must disclose their financial registers and documents to the State Council and provide any necessary explanations.

The State Controller reports to the Parliament each year on the actual implementation of the previous year's state budget. In this report, he reviews the collection and expenditure of state funds as well as the operations of state-financed organisations and state properties. The State Controller also can submit special reports on issues within the scope of his authority.

The State Controller is appointed by the Parliament for a four-year term. On the basis of the State Controller's proposal, the Parliament confirms the members of the Council of the State Control for a four-year term.

The State Control consists of different controlling departments. On the recommendation of the Council of State Control, the State Controller appoints the directors and deputy directors of these departments from among the Council's members. For each controlling department, the State Controller employs the controllers, on the nomination of the Council, and their assistants.

The activities of each controlling department are decided by a collegium, a body which consists of the department's director and no more than five senior controllers. Each department's collegium is responsible for examining and confirming the results of audits performed by that department.

The Law on State Control, adopted on 4 November 1993, fixed the organisation and competencies of the State Control.

5.2 Ombudsman

There is no ombudsman.

5.3 Trade Unions

The Constitution and the laws of Latvia provide the inhabitants of Latvia with the right to freely form and join trade unions. On 13 December 1990, Parliament passed the Law on Trade Unions, which governs the activities, organisational structure and formation of trade unions.

Trade unions are public organisations which are independent from state power and state administrative institutions. Trade unions express, represent and defend labour rights and other social and economic rights. They also defend the interests of their members in accordance with the Law on Trade Unions, other laws and regulations of the Republic of Latvia, and principles determined in the Universal Declaration of Human Rights and other international conventions.

6. DELIVERY SYSTEM

6.1 Education

Latvia's educational system consists of: preschool education; extra-curricular education and instruction; elementary education; industrial training and vocational education; specialised secondary education; higher education; and upgrading, re-qualification and self-education.

The family plays the leading role in preschool education, the first step in Latvia's educational system. The state grants support to families for childcare, makes child welfare payments, and provides opportunities to place children in kindergartens where the state partially covers the costs.

The Education Act (1991) states that education is compulsory until the age of 15 or completion of basic (lower secondary) school. Education in schools begins at six or seven years of age. The fundamental task of general education is to provide elementary, basic and secondary education to prepare students for acquiring a profession or for working independently or pursuing higher education. General education consists of three stages:

- elementary school (grades one to four);
- basic (lower secondary) school (grades five to nine); and
- secondary school (grades 10 to 12).

Vocational education seeks to give young people the opportunity to receive basic professional education. Vocational education establishments at the first level (i.e. vocational, craftsmen, agricultural and medical schools) prepare young people for independent professional work at the technical level in various fields. Vocational educational establishments at the second level (i.e. technical colleges, art and music schools, agricultural and medical schools) give young people the opportunity to develop technical skills, learn how to start a small business, and to undertake creative or pedagogical work.

Higher educational institutions are autonomous and operate in accordance with their own statutes. These institutions provide either academic or professional higher education.

Academic higher education consists of two stages: an academic degree and a diploma of *bakalaura*s, which is equivalent to a Bachelor of Science in the American university system, is awarded upon completion of the first stage; an academic degree and diploma of *magistrs*, which is equivalent to a Master of Science in the American university system, is awarded after the second stage. The *magistrs* is necessary for admission to doctoral studies which are available at both higher education institutions and research institutes.

Professional higher education is based on applied sciences and provides knowledge and skills for professional activities. Programmes of professional studies last for at least four years and can be pursued independently of, in parallel with, or following higher education studies.

Adult education exists in various forms (i.e. courses, schools, seminars). In addition, a community college system is being established.

The educational system is, in effect, financed almost entirely by the state. Local governments may provide some small financial support for non-academic activities such as school meals or sports.

The educational system is highly centralized with the Ministry of Education and Science having a strong financial, managerial and policy role and the local governments having a very small role.

6.2 Health

Health care is provided by both state-run institutions and private medical establishments and services. Health care is guaranteed to citizens by a series of laws on social welfare. Basic health care is provided for a nominal charge. More expensive charges are applied to individuals who want to choose their own doctor.

Latvia's health care system is undergoing a rapid restructuring whereby the centralised Soviet-style system is being transformed into one which consists of more "fee-for-service" health care institutions supported by the growing health insurance fund system. In addition, more health care providers are operating more independently of the state and, in effect, privatising their services.

The state finances most of the operating costs of state medical institutions and hospitals from the central state budget and special funds financed through excise taxes on trade and alcohol. Local governments provide very little financial support. Finances are distributed to the various state medical institutions, through the recently-created health insurance funds, on the basis of agreements between the state and the institutions, and in accordance with the volume and quality of the work carried out by the institutions.

The State Minister for Health in the Ministry of Social Welfare has the main responsibility for implementing the government's health policy.

Local government responsibility for providing health care is declining as an increasing number of health care providers privatise their services.

6.3 Social Welfare

Each employed and self-employed person is covered by social insurance for the following contingencies: old age, disability, sickness and maternity, death, and unemployment. The state taxes the earnings of individuals at a rate of 38 per cent for this social insurance. The State also provides child birth grants, child care benefits and family allowance. In addition, the state provides the most needy persons with social assistance in the form of income support, housing benefits and social care, if necessary.

The Ministry of Welfare is the central authority for social welfare. The ministry supervises the social insurance and employment offices, and is responsible for the health and social assistance and care provided by local authorities and their institutions. Local governments receive financing from the central government budget to manage some social welfare services such as unemployment programs and orphanages. The relationship and financing arrangements between the central government and local authorities in the area of social welfare are being restructured at a rapid pace.

7. STATISTICS

President of the Republic: Guntis ULMANIS (Latvia's Farmer's Union)

Prime Minister: Maris GAILIS (Latvia's Way)

Party Representation in Parliament (*Saeima*), after elections of 5 and 6 June 1993:

	Percentage (to the nearest tenth)	Seats
Latvia's Way	38.7	36
National Independence Movement of Latvia	16.1	15
Concord for Latvia - Rebirth of the Economy	14.0	13
Latvia's Farmer's Union	13.0	12
For the Fatherland and Freedom	6.4	6
Latvia's Christian Democratic Union	6.4	6
Democratic Party	5.4	5
Total	100	93

Some Important Data from the 1995 Latvian Budget
(millions of Lats¹)

Total Central Government Income:	475 991 661
Office of the President of the Republic	662 243
Parliament (<i>Saeima</i>)	3 891 907
Cabinet of Ministers	1 183 274
Ministry of Defense	18 247 682
National Guard	5 887 985
Ministry of Foreign Affairs	6 561 938
Ministry of Economy	3 532 683
Ministry of Finance	57 742 004
Ministry of Interior	51 308 767
Ministry of Science and Education	99 137 529
Ministry of Agriculture	35 470 812
Ministry of Transports	15 802 723
Ministry of Welfare	103 578 328
Ministry of Justice	8 347 767
Ministry of State Reforms	2 022 436
Ministry of Environmental Protection and Regional Development	16 547 368
Ministry of Culture	16 547 368
State Land Service	3 174 936
State Control	529 095
State Forests Service	2 054 607
Supreme Court	60 661
Prosecutor's Office	2 759 777
Latvian State Bank	6 500
Central Election Committee	1 067 441
Central Land Committee	960 985
National Council for Crime Prevention	26 570
Council of Radio and Television	25 177
State Enterprise "Latvian Radio"	1 722 208
State Enterprise "Latvian Television"	3 516 208
Grants to Local Government Equalisation Fund	62 700 000
Grants to Local Government Investment Projects	2 130 000
Budget Reserves (Constitutional Defence Bureau)	100 000

Total Central Government Expenditure	515 991 661

¹ The average exchange rates for 1994 were:
(Sources: Latvian State Bank and Eurostat)

1 US\$ = 0.55 Lat
1 ECU = 0.44 Lat

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***PUBLIC MANAGEMENT PROFILE
LITHUANIA***

(as of 1 January 1995)

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Main Characteristics

On 11 March 1990, the newly-elected Supreme Council (the main legislative body at that time) declared the restoration of Lithuania's independence, following the strong independence movement led by the popular front *Sajudis*. The Soviet Union's leadership refused to recognise Lithuania's independence. The crisis culminated on 13 January 1991 when the Soviet army took over the printing plant, radio and television headquarters and several other government buildings. Several hundred civilians were injured and 14 persons were killed while fighting the Soviet army. On 29 July 1991, Boris Yeltsin, President of Russia, signed a bilateral treaty recognising Lithuania's independence.

The constitutional foundations for the independent state were laid down by the Provisional Basic Law of the Republic, adopted by the Supreme Council on 11 March 1990. A new Constitution was approved by the citizens in a referendum on 25 October 1992.

Lithuania became a member of the United Nations and the European Bank for Reconstruction and Development in 1991, of the International Monetary Fund in 1992, and of the Council of Europe in 1993.

Recent Reforms and Trends

Following the restoration of independence, Lithuania embarked on a far-reaching programme of political and economic reform with the objective of transforming the state from a planned to a market economy, and establishing a democratic pluralistic society.

The activities of the main government institutions have concentrated on developing and carrying out a programme of economic, legal and administration reforms, re-establishing private ownership of property, and creating a modern financial system.

In the area of administrative reforms, the Ministry of Public Administration Reforms and Local Authorities was created in May 1994, and became operational in July 1994, to prepare and implement reforms to central and local government administrations. In addition, the institutions of the Constitutional Court (see section 2.2.1), State Control Department (see section 5.1) and Ombudsman (see section 5.2) have been established in accordance with the Constitution, and series of laws creating a new system of local government and territorial-administrative units (see sections 4.1.8 and 4.2) were approved by the Parliament in 1994. This new system will be implemented in 1995.

I. THE STATE

1.1 Nature of the State

Lithuania is a unitary state and a parliamentary republic.

1.2 Constitutional Base

The Provisional Basic Law of Lithuania, adopted by the Supreme Council on 11 March 1990, laid down the constitutional foundations for the independent state of Lithuania. This law established the fundamental rights, freedoms and duties of Lithuania's citizens, and defined the basic principles of state.

A new Constitution was approved by Lithuania's citizens in a referendum on 25 October 1992. The Constitution declares that the state is created by the people, and that sovereignty is vested in the people and exercised directly or through democratically-elected representatives. The Constitution provides that no one may limit or restrict the sovereignty of the people.

The Constitution enshrines the democratic principle of checks and balances. State power is exercised by the Parliament (*Seimas*), the President of the Republic and the government, and the judiciary. The Constitution places the Parliament at the centre of this system.

The Constitution introduced some new institutions to support the democratic functioning of the state, including the Constitutional Court (see section 2.2.1), the Ombudsman (see section 5.2), and the State Control Department (see section 5.1). The Constitution also introduced the principle of independence for local governments.

1.3 Head of State

The President of the Republic (hereafter referred to as "the President") is the head of state. The President represents the state of Lithuania. The main duties of the President are defined by the Constitution and the Presidential Law of Lithuania.

The President decides basic foreign policy questions and, together with the government, implements foreign policy. He also signs international treaties of the Lithuania and submits them to the Parliament for ratification.

The President appoints, upon approval of the Parliament, the Prime Minister, charges him to form the government, and approves the government's composition. He accepts the government's resignation, and charges it to continue its functions, or charges one of the ministers to exercise the functions of the Prime Minister, until a new government is formed.

The President accepts resignations of individual ministers and commissions them to continue in office until a new minister is appointed. He appoints, or dismisses, individual ministers upon the recommendation of the Prime Minister. In addition, in accordance with established procedures, the President appoints or dismisses other state officials as provided by law. He appoints, upon the approval of the Parliament, the Chief Commander of the Army and the Head of the Security Service. He proposes to the Parliament candidates for State Controller, Chairman of the Board of the Bank of Lithuania, Supreme Court judges, three Constitutional Court judges, and the Chairman of both the Supreme and the

Constitutional Court. He appoints, with the approval of the Parliament, the judges and Chairman of the Court of Appeal, regional and district courts (see section 2.2.2).

As provided by law, the President has the power to proclaim a state of emergency, and to issue acts and decrees.

The President announces ordinary and early parliamentary elections in cases provided by law. He officially promulgates the laws passed by the Parliament, or returns them to the Parliament for reconsideration, in accordance with established procedures. He delivers annual reports in the Parliament on the current situation in, and the domestic and foreign policies of, Lithuania.

The President is elected by the citizens of Lithuania for a five-year term in universal, equal, direct and secret elections. The same person cannot be elected President for more than two consecutive terms. The President must suspend his activities in political parties and organisations until the new presidential election campaign begins.

The Chairman of the Parliament becomes acting President when the President is temporarily unable to fulfil his duties.

The Office of the President consists of a group of advisors, the President's Chancellery and the Administration Department.

2. JUDICIAL AUTHORITY

2.1 Legal System

Lithuania traditionally subscribes to civil law. The Lithuanian legal system is one of written law. In general, each branch of the law has its own Code (i.e. Civil Code, Code of Civil Procedure, Penal Code, and Code of Criminal Procedure). Since the independent state of Lithuania was re-established, it has been necessary to adapt the law to the new democratic Constitution. Almost every important code has required modification. This has resulted in the abolition of much legislation, and the adoption of new laws which are similar to those of Western countries.

Lithuania's legal system is based on the following hierarchy of normative acts:

- the Constitution;
- international agreements ratified by the Parliament;
- laws (constitutional or ordinary) and others acts adopted by Parliament (see section 3.1);
- decrees of the President of the Republic;
- government resolutions, which are passed to ensure enforcement of laws, or because the Parliament has delegated, in a law, its legislative authority to the government for a specific field;
- orders of the Prime Minister;

- orders and other acts of ministers;
- decisions of the representative bodies of local government (local government councils); and
- orders of the governing bodies of local government.

In accordance with this hierarchy, rules resulting from an inferior act may not oppose rules resulting from a superior act.

2.2 Court Structure

2.2.1 *Constitutional Court*

The Constitution introduced the Constitutional Court. The Constitutional Court's status and procedures for executing its powers are established by the Law on the Constitutional Court of Lithuania, which the Parliament adopted on 3 February 1993.

The Constitutional Court consists of nine judges appointed for an unrenovable term of nine years. Every three years one-third of the Constitutional Court is reconstituted. The Parliament selects and appoints: three judges from among the candidates nominated by the President; three judges from among the candidates nominated by the Chairman of the Parliament; and three judges from among the candidates nominated by the Chairman of the Supreme Court. The Parliament selects and appoints the Chairman of the Constitutional Court from the among the court's nine judges, upon the nomination of the President.

In fulfilling their duties, the Constitutional Court's judges act independently of any other state institution, person or organisation, and they only abide by the Constitution. The Constitutional Court considers cases and adopts decisions concerning the conformity of laws of Lithuania, legal acts adopted by the Parliament, and legal acts of the President and the government with the Constitution.

The Constitutional Court also considers and adopts decisions concerning the violation of election laws during presidential and parliamentary elections; whether the President's health is limiting his capacity to continue in office; the conformity of international agreements of the Lithuania with the Constitution; and whether impeachment proceedings instituted against a member of Parliament or other state officials are in compliance with the Constitution.

The government, any group of parliamentarians (if constituting at least one-fifth of the members of the Parliament), the President, and the courts have the right to address the Constitutional Court. The decisions of the Constitutional Court on issues assigned to its jurisdiction by the Constitution are final and may not be appealed.

2.2.2 *Ordinary Courts*

In accordance with the Constitution, justice is exercised exclusively by courts. There are no courts with special authority in times of peace. The judges and the courts are independent and observe only the law when administering justice.

Lithuania's court system consists of:

- the Supreme Court;
- the Court of Appeal;

- the Local Courts;
- the District Courts; and
- a specialised court called the Commercial Court.

The formation and competence of these courts is determined by the Law on Courts of Lithuania, which the Parliament adopted on 31 May 1994.

The Supreme Court is the highest judicial governing body in Lithuania. It controls the jurisdictional activities of all other courts, and analyses and general court procedures and statistics. For the most part, material jurisdiction over disputes lies with the districts courts where decisions are made by a single judge. Appeals against these decisions are heard by the local courts. In this court and other higher courts, the bench is composed of three judges.

The Commercial Court resolves disputes between enterprises and others business organisations. The Commercial Court defends the rights and lawful interests of business organisations, and ensures that decisions are made on a timely basis.

The Supreme Court's judges, and its Chairman, who is selected from among the judges, are appointed and dismissed by the Parliament upon the recommendation of the President. Judges of the Court of Appeal, as well as the Chairman who is selected from among the judges, are appointed by the President upon the approval of the Parliament. Judges of regional courts, district courts and specialised courts (i.e. the Commercial Court) are appointed, and, if necessary, transferred to other offices, by the President.

A special institution of judges, established by law, submits recommendations to the President concerning the appointment of judges, as well as their promotion, transfer, or dismissal from office.

2.3 Prosecutor's Office

The Prosecutor's Office is an independent part of the judiciary power. Its structure and activities are established by the Prosecuting Magistracy Law, which Parliament adopted on 13 October 1994.

The Prosecutor's Office consists of :

- the General Prosecutor's Office under the Supreme Court;
- the Regional Prosecutor's Offices under the local courts; and
- the District Prosecutor's Offices under the district courts.

The work of each of these offices is governed by the principles of legality, impartiality, unanimity, and hierarchical supervision whereby the actions of the lower bodies of the Prosecutor's Office are subordinate to those of the higher bodies.

Prosecutors in the various different offices seek legal punishment in criminal cases on behalf of the state, and supervise the activities of investigation bodies of the Ministry of the Interior. State investigators carry out pretrial interrogation.

3. LEGISLATIVE AUTHORITY

3.1 Main Bodies

The Parliament (*Seimas*) is the main legislative authority and the highest body of state power of Lithuania. The Parliament consists of 141 members. The Parliament convenes for two regular sessions, one in the autumn and one in the spring.

The Constitution enumerates Parliament's powers, which include the right to:

- consider and enact amendments to the Constitution;
- enact laws;
- adopt resolutions for the organisation of referendums;
- announce presidential elections;
- consider and vote on the government's programme;
- supervise the activities of the government, and express non-confidence in the Prime Minister or individual ministers;
- announce local government council elections;
- approve the state budget and supervise its implementation;
- ratify or denounce international treaties;
- impose direct administration and martial law;
- issue acts of amnesty; and
- declare states of emergency, announce mobilisation and adopt decisions to use the armed forces.

The government is responsible to the Parliament.

The right to submit draft laws to the Parliament belongs to members of the Parliament, the President and the government. Draft laws also may be submitted by 50 000 citizens having the right to vote.

Legislation is passed by a simple majority vote of the members present. No parliamentary quorum is required. Constitutional laws, however, require the approval of more than half of all the members. Amendments to constitutional laws require a three-fifths majority vote of all the members.

Legislation passed by the Parliament comes into effect when signed and officially announced by the President, except when the legislation provides for a later effective date. Other acts passed by Parliament, as well as the Parliament's statutes, are signed by the Chairman of the Parliament, who heads

the work of the Parliament. The laws and other acts are published in the government's Official Bulletin, the "State News" bulletin (*Valstybes Zinios*).

Parliamentarians can be appointed to the post of Prime Minister or minister, but not to any other office. Members are remunerated for their service and reimbursed for all work-related expenses using state budget funds. While serving in the Parliament, a member cannot receive any other salary, except money for creative work (e.g. teaching or writing), and cannot perform duties in other governmental organisations or in private establishments.

3.2 Associated Structures

The Parliament is organised on the basis of committees (permanent and temporary) and political groups.

The following permanent committees were established by the Law on the Committees of the *Seimas*, adopted on 8 December 1992:

- Agriculture;
- Budget and Finance;
- Economic;
- Education, Science and Culture;
- Foreign Affairs;
- Health, Social Affairs and Labour;
- Human and Citizens Rights and Nationalities' Affairs;
- Municipalities;
- Nature Protection;
- National Security; and
- State and Law.

The Parliament can establish temporary committees to conduct investigative, control, auditing, preparatory or reporting work.

The committees perform the analytical, preparatory part of the legislative work and they present specific issues for discussion in plenary session. Committees can form ad hoc working groups, consisting of committee members, to prepare these issues for discussion.

There are two permanent commissions: the Commission to Investigate Economic Crimes and the Ethics and Procedures Commission (which prepares legislative proposals and makes recommendations concerning the activities and ethics of members of Parliament).

Political groups are registered in accordance with Parliament's statute (see section 7 for the registered political groups as of 1 January 1995).

The Board of Parliament organises the work of the Parliament. The Parliament's Council of Elders, which includes the members of the board and representatives from the political groups, presents advisory decisions to the Parliament and its board. The council's decisions concerning the weekly or daily work schedule, however, are decisive.

3.3 Electoral System

Members of Parliament are elected for a term of four years according to a mixed majority and proportional representation system.

Any Lithuanian citizen, who is not bound to another country by oath or pledge and who is at least 25 years old on election day, can be elected to the Parliament. Individuals who are serving in the military, police, national guard, security, or other armed service cannot be elected to the Parliament.

All citizens of Lithuania who are over 18 years old on election day have the right to vote, except those who have been declared incapable by a court of law.

There are 71 single-member constituencies and one multi-member constituency in Lithuania.

Seventy-one of the 141 parliamentary seats are filled by direct, absolute majority vote in the 71 single-member constituencies. These elections are considered valid if more than 40 per cent of all registered voters in the single-member constituency have cast ballots. The winning candidate is the one who receives more than half of the votes cast in the constituency. If no candidate is elected in the first round, a run-off election is held between the two leading candidates.

The other 70 parliamentary seats are elected using a nationwide, party-list, proportional system whereby all Lithuanian electors form one multi-member constituency. One-fourth of the electorate must vote for the election to be valid.

Registered political parties can nominate individual candidates for elections in the single-member constituencies; and lists of at least 20 candidates in the multi-member constituency with at least 1 000 signatures in support. An individual candidate can nominate himself for a single-member constituency with the support of at least 1 000 signatures. A candidate can be included in only one political party's list of candidates in the multi-member constituency. A candidate who is included on a party's list can be nominated as a candidate for one single-member constituency.

The Parliament is considered to be elected (i.e. properly constituted) when at least three-fifths of its members have been elected.

Early parliamentary elections can be held by a decision of the Parliament when approved by three-fifths of all the members. In addition, the President can announce early parliamentary elections if the Parliament: fails to adopt a decision on the new programme of the government within 30 days of its presentation; rejects the government's programme twice in succession within 60 days of its initial presentation; or, when asked by the government for a vote of confidence, chooses to deny granting its confidence.

4. EXECUTIVE AUTHORITY

4.1 Central Government

4.1.1 Head of Government

The Prime Minister is Lithuania's head of the government.

The Prime Minister is appointed and dismissed by the President with the approval of the Parliament. If the Parliament does not approve the President's first candidate, the President presents another candidate for Parliament's consideration.

The Prime Minister forms the government and proposes its composition to the President for his approval. Within 15 days of his appointment, the Prime Minister must present for Parliament's consideration the composition of the government, as approved by the President, and the government's programme. The newly-formed government is sanctioned when its programme is approved by a majority vote of the members of Parliament present. If the Parliament does not approve the government's programme, the Prime Minister must submit a new programme within 15 days. The newly-formed government must resign if, twice in succession, the Parliament does not approve the programme.

The Prime Minister and the government must resign if more than half of the members of Parliament express no confidence in him or in the government. In such a case, the President appoints one of the ministers to execute the functions of the Prime Minister until a new government is formed.

When the Prime Minister is absent or unable to perform his duties, the President, on the recommendation of the Prime Minister, charges one of the ministers to perform the Prime Minister's duties for a period of no more than 60 days. If the Prime Minister makes no recommendation, the President selects the minister.

4.1.2 Office of the Head of Government / Office of the Government

The Government Secretary and the Deputy Secretary manage the Secretary Office of the Government, which serves the Prime Minister and the government. The Prime Minister approves the structure of this office, and nominates and dismisses the heads of the office's structural divisions (e.g. juridical, economics) and different advisers (international affairs, privatisation, agriculture), on the proposal of the Government Secretary.

For the meetings of the government, the Government Secretary prepares the draft agenda for confirmation by the Prime Minister, organises and participates in the meeting, and ensures the recording of the minutes (see section 4.1.3).

The Office publishes the government's resolutions and the Prime Minister's decrees in the State News (*Valstybes Žinios*). It also keeps an archive of all the presidential decrees, laws of Lithuania, government resolutions, Prime Minister's decrees, minutes of government meetings, and other legal statements.

The Office has the important task of organising the analysis of proposals, applications and complaints that the government receives from citizens. In addition, the Office prepares for the Parliament an annual report on the implementation of the government's programme, maintains the government's relations with the Parliament and the Office of the President, and registers all inquiries from members of the Parliament, and organises the government's response to these inquiries.

The Secretariat of the Prime Minister is a subdivision of the Secretary Office of the Government. The Secretariat carries out the instructions of the Prime Minister, communicates the Prime Minister's orders to the Office's employees, and manages the implementation of these orders. The Secretariat also informs the members of the government, the Government Secretary, the government's representative for the press and other officials about sessions organised by the Prime Minister.

4.1.3 Central Policy-making / Co-ordinating Bodies

The government, which consists of the Prime Minister and 19 ministers, is the main central policy-making and executive body. The Constitution defines the power of the government. In its activities, the government follows the Law of Government (May 1994), other laws and legal statements of the Parliament, and decrees of the President.

The government must receive a new authorisation from the Parliament when there is a turnover of more than half of the ministers; a new Parliament is elected; a new government is formed; or the President dismisses the Prime Minister of his duties with Parliament's approval.

Government Meetings

Government meetings usually take place each week on Wednesdays and as needed. The Government Secretary prepares the meeting's draft agenda for the Prime Minister's consideration. The Prime Minister approves the agenda no later than three days before the meeting. The agenda and other relevant materials are distributed by the Government Secretary to the members of the government and the government representatives for the press.

The meetings are arranged and chaired by the Prime Minister. In his absence, the meetings are chaired by the Acting Prime Minister (see section 4.1). The meeting is attended by the ministers, the Government Secretary and his deputy, the head of the Prime Minister's Secretariat, the government representative for the press, the government advisor on finance and treasury matters, the head of the Government Office's legal department, certain officials empowered by the law, and representatives of the Parliament and the President's Office. When members of the government are unable to attend the government meeting, they can present a written opinion on the matters debated in the meeting.

Drafts of decrees and other legal acts of the government are prepared, discussed and approved in the meetings of the government in the order established in the Work Regulations of the Government (1994). Government decrees and decisions are passed by a majority vote of the members of the government. The decrees are signed by the Prime Minister and the appropriate minister, or ministers if the decree covers the competencies of several ministries.

The government presents draft laws and other draft legal statements to the Parliament for consideration. These cannot be presented directly to the Parliament by ministries and governmental institutions. There is a government representative for relations with the Parliament. The government prepares and submits to the Parliament proposals concerning the Parliament's work programme for the session and the Parliament's agenda for the week. When requested by the Parliament's committees and commissions (see section 3.2), the ministers and heads of governmental institutions must participate in their sessions, deliver reports, and supply information about the implementation of laws and other legal statements approved by the Parliament.

Inter-ministerial Meetings

Inter-ministerial meetings are organised for co-ordinating the preparation of draft legislation and to resolve disagreements concerning draft laws that will be presented to the government for consideration.

The Ministry of Public Administration Reforms and Local Authorities, which came into operation in July 1994, is responsible for organising, together with the interested ministries, all inter-ministerial meetings related to co-ordinating draft legislation.

Inter-ministerial meetings to resolve differences concerning draft bills are organised at the proposal of ministers, the Government Secretary, or heads of governmental institutions. When there is no such proposal, the meeting takes place at the directive of the Prime Minister. The meeting's purpose is to evaluate the potential social, economic and political consequences of the draft law, and to develop a unified opinion on the legislation.

The Prime Minister selects the appropriate minister to chair the meeting. This minister, in conjunction with the head or advisor of the Government Office's corresponding subdivision, arranges the meeting, invites the participants and distributes the necessary material to the participants. The meeting participants include ministers, representatives of ministries and governmental institutions, heads and advisors of the Government Office's structural divisions, state consultants, and members of government work committees (see section 4.1.4) whose work is connected with the draft legislation under discussion. Every participant must be informed about the meeting no later than two days before the meeting date.

When the disagreements are resolved in such a meeting, the draft legislation is revised accordingly by the responsible ministry and presented to the Prime Minister. If the meeting does not settle the disagreements, the draft law is given to the Prime Minister, who takes one of the following actions:

- returns the draft law to the responsible ministry for additional work on resolving the disagreements and amending the legislation;
- invites independent experts to analyse the draft legislation;
- places the disagreements concerning the draft legislation on the government meeting's agenda so that the government can make a final decision at the meeting.

Members of the government, including the Prime Minister and ministers, may not hold any other elective office other than Member of Parliament, or be appointed to a government post. They also may not work in business, commercial or other private institutions or enterprises.

4.1.4 Consultative / Advisory Bodies

Temporary and permanent committees are formed to co-ordinate implementation of the government programme, analyse complex problems, prepare drafts of international treaties, solve problems connected with natural disasters, organise country-wide events, carry out a financial or technical examination of a project, or to prepare an important project.

Permanent committees (e.g. committee of emergency situations) are formed on the basis of government resolutions, and temporary committees are formed by decrees of the Prime Minister. The state budget provides resources for financing the permanent committees.

The committees consist of members of the government, officials of the Secretary Office of the Government, ministries and governmental institutions, government consultants and scientists. The work of the committee is headed by the Prime Minister, a minister or another official appointed by the government. If necessary, representatives of interested ministries, institutions, political parties and organisations, trade unions and public organisations are invited to participate in the committee's work.

In addition, the government engages short-term state consultants to give recommendations in certain spheres of activities. If necessary, the consultants prepare a report on problems for presentation to the government for its consideration.

4.1.5 Central Management Bodies

Financial Resources Management

The budget year is the calendar year. The Ministry of Finance is responsible for preparing the draft state budget, in co-ordination with line ministries and other budget users, for consideration by the government. The government must approve and submit a draft state budget to the Parliament no later than 75 days before the end of the budget year. If the Parliament does not approve the state budget law by the beginning of the new budget year, monthly budget expenditures cannot exceed one-twelfth of the state budget expenditures of the previous budget year. The Ministry of Finance is in charge of implementing the state budget.

The state budget consists of the central administration budget and the local self-governments budget.

The government is in the process of preparing a new organic budget law to replace the Law on Budgeting (1990).

Human Resources Management

The human resources management system is in the process of being transformed. In December 1994, the government presented to Parliament a new draft law to establish a civil service system which covers both state and local government officials.

Management of Public Administration Reform

The Ministry of Public Administration Reforms and Local Authorities, which came into operation in July 1994, is responsible for preparing and participating in the implementation of public administration and economic reform strategies. The ministry also has responsibility for introducing local self-government reforms, co-ordinating relations between local governments and the central government, forming and developing the civil service, and carrying out the government's civil service policies.

In performing its tasks related to central and local public administration reform, the ministry submits related proposals to the government; creates state programmes for the improvement and modernisation of state government; and provides expertise on, and co-ordinates the inter-ministerial preparation of, draft laws and other legal acts dealing with administration reforms.

The ministry is organised into three main departments: State Administration Reform; Local Government Management; and Local Government Reform. The Lithuanian Public Administration Training Centre, which designs and implements training programmes for civil servants, is attached to the ministry. The ministry also has structural units which perform functions outside the immediate jurisdiction of public administration reform, such as the Lithuanian Information Institute, Lithuanian Standardisation Service, State Patent Bureau, and State Department of Tourism.

4.1.6 Line Ministries

The Parliament, upon the proposal of the government, creates and abolishes ministries by adopting a law. The tasks, functions and rights of ministries are established in the laws and the statutes governing them.

The ministries are controlled by the Prime Minister as well as by the government, government committees, and officials of the Government Office on the instructions of the Prime Minister. The government, on the request of the Prime Minister, has the right to annul the legal statements of ministers and institutions subordinate to the ministries, if they contradict the Constitution, laws or other legal statements.

At present there are 19 ministries as follows:

- Agriculture;
- Communications and Informatics;
- Construction and Urban Development;
- Culture;
- Defence;
- Economics;
- Education and Science;
- Energy;
- Environmental Protection;
- Finance;
- Foreign Affairs;
- Forestry;
- Industry and Trade;
- Interior;
- Health Care;
- Justice;
- Public Administration Reforms and Local Authorities;
- Social Welfare and Labour; and
- Transport.

The ministries consist of departments, units and other structural subdivisions. The hierarchy of ministry officials is:

- minister;
- secretary (secretaries) of the ministry;
- minister's adviser;
- assistant minister;
- ministry's representative for the press;
- minister's expert;
- department director;
- unit head;
- subdivision head; and
- civil servants.

The minister, his adviser and the ministry's representative for the press have the status of politician. All the other ministry officials are civil servants. The secretary of the ministry, who is directly accountable to the Prime Minister, manages the internal matters of a ministry. Some ministries have more than one secretary. The secretary's responsibilities are determined by the minister, who empowers the secretary to issue orders concerning management of the ministry's administrative organisation and office duties.

According to the Constitution, ministers are appointed and dismissed by the President on the nomination of the Prime Minister. A minister can be temporarily substituted for only by another member

of the government appointed by the Prime Minister. Every minister has the right to submit a written resignation to the President. The President, upon accepting the resignation, can require the minister to continue in his post until a new minister is appointed. A minister must resign when more than half of all the members of the Parliament express, in a secret ballot vote, a lack of confidence in him. If this happens, the President assigns another minister to the post until a new minister is appointed. The Prime Minister must present a new ministerial candidate to the President within 15 days.

A minister is personally responsible for a particular sphere of the government. He executes the ministry's tasks, and ensures the implementation of laws, decrees of the President and the Prime Minister, government resolutions, and other legal statements. For activities within the ministry's jurisdiction, the minister issues decrees -- and other legal statements controlled by those decrees -- and guarantees their implementation.

The minister supervises structural subdivisions of the ministry directly or through the secretary of the ministry. He supervises institutions and organisations within the ministry's jurisdiction through the heads of these institutions. The minister approves the statutes of the ministry's structural subdivisions, institutions within the ministry's jurisdiction, and those in the ministry's sphere of regulation.

The minister can create an advisory board, called a collegium, to assist him. The board's members are appointed by the minister. The board reviews the ministry's most significant activities, drafts of the minister's most important decrees, orders and other legal statements, and hears reports from the heads of the ministry's subdivisions and the institutions within the ministry's jurisdiction.

4.1.7 Other Bodies

The government can create government institutions (e.g. departments, services and inspections) to carry out functions that are not allocated to any ministry, provided that state budget expenses are not increased. Examples of such government institutions include the Department of Statistics, Department of National Minorities and Regional Problems, and the State Agency for Higher Education, Research and Development.

The heads of these government institutions, who have the title of director for departments and services and chief for inspections, are appointed by, and directly subordinate to, the Prime Minister. Each head is personally responsible for how the institution fulfils its tasks. He issues orders and other legal statements related to these orders, and controls their implementation. The government institutions are controlled by their heads, the Prime Minister, the government, government commissions and officials of the Government Office on the instructions of the Prime Minister.

In addition, some ministries have institutions which are attached to their sphere of regulation but are managed independently. These institutions co-ordinate their strategic directions with the ministry. The ministers appoint and dismiss the heads of these institutions, and confirm the institutions' statutes and annual budgets.

In the area of public administration, relevant institutions and their regulating ministry (noted in the parentheses) include:

- Institute of Economics and Privatisation (Ministry of Economics);
- Institute of Finance (Ministry of Finance);

- Lithuanian Labour Exchange, State Labour Inspectorate and State Social Insurance Board (Ministry of Social Welfare and Labour);
- Press Control Board (Ministry of Justice); and
- Lithuanian Information Institute, Lithuanian Standardisation Service, and State Patent Bureau (Ministry of Public Administration Reforms and Local Authorities).

4.1.8 Central Representation at the Regional / Local Levels

The 1992 Constitution provides for the establishment of higher-level administrative units, organised and supervised by the government, to ensure the observation of the Constitution and the law, as well as the implementation of laws, at the local government level.

The Law on Territorial-Administrative Units approved on 19 July 1994, calls for the creation of ten higher administrative-territorial units, called districts, which are managed by the state government. The government of the district constitutes a part of the state government.

The Law on the Government of an Administrative Unit, approved on 15 December 1994, defines the functions to be transferred to the districts from ministries, state government institutions and the municipalities under the old system of local government (see section 4.2.2). The government must present the Parliament with a programme for the transfer of functions to the districts. The transfer of functions will begin in 1995.

The district governments are organised according to the provisions set forth in the Law on the Government of an Administrative Unit. Each district is managed by a governor, who is appointed and dismissed by the government on the recommendation of the Prime Minister. The deputy governor is appointed and dismissed by the Prime Minister on the recommendation of the governor. A council, consisting of the governor, deputy governor, and the heads of local governments located in the district, is established in each district with the governor serving as the council's chairman. The governor forms an administration to execute the functions assigned to him. The structure and by-laws of the district administration are approved by the government.

The main tasks of the governor include:

- implement state policy in the areas of social security, education, culture, health care, territorial planning, monument protection and maintenance, land, agriculture and environment protection and other fields in the district as well as state and inter-regional programmes;
- co-ordinate the activities of all subdivisions of ministries and government institutions situated in the district, as well as the activities of the executive institutions of local self-governments, when implementing regional programmes; and
- set the priorities for the district's development and develop a programme.

State government institutions founded on the district's territory are not subordinate to the governor, but they have to inform him about their activities.

The governor has the right to establish, reorganise and abolish government institutions located in the district which are involved in the areas of education, culture, social security and public health care, and sports. The governor can participate in the meetings of the government, as well as those of ministries, state

government and local government institutions, when issues related to the district government's competence are being discussed. He has the right to suspend or cancel legislative acts adopted by government enterprises, institutions and organisations located in the district if he finds that the act violates the Constitution and the laws.

The governor issues laws and other legislative acts, within his competence, and supervises their implementation. The government can cancel these laws and acts if they contradict the Constitution, laws, presidential decrees or government resolutions.

The funds for operations of the district government and the office of the governor are included in the state budget.

4.2 Subnational Government

4.2.1 Regional Government

There is no regional government in Lithuania.

4.2.2 Local Government

The new Law on Local Self-Government, adopted on 7 July 1994, comes into force the first day after the March 1995 local government council elections. This law will introduce a single-tier system of local self-government (10 administrative-territorial units), which was called for by the 1992 Constitution, to replace the current two-tier system (55 higher-level and 528 lower-level municipalities). At this time, the present Law on the Fundamentals of Local Governments (1990) will be declared null and void.

The new local government system as compared with the old system provides for the independence of local government bodies, and the strict distribution of functions between the local government council and the executive bodies (mayor and board), as well as between local government institutions and those of the central administration.

Under the new system, the institutions of local government are the council, the executive bodies (mayor and/or local government board) and the auditor. The 1994 Law on Local Self-Government establishes the competence of each institution and the procedures for their formation.

Members of the local government council are elected for a two-year term on the basis of universal, equal and direct suffrage in a secret ballot vote of the residents of the administrative units who are Lithuanian citizens. The elections are governed by the Law on Election to Local Government Councils, adopted on 7 July 1994. Any Lithuanian citizen who is at least 21 years old is eligible for election. The decisions of the council are adopted by a majority vote of the council members. The sessions are valid if they are attended by a majority of the members.

The council elects the mayor for a two-year term through a secret ballot by a majority vote of all the council members. The deputy mayor is elected in the same manner upon the recommendation of the mayor. The mayor and deputy mayor are directly responsible for the fulfilment of tasks assigned to the local government by the state. The council decides whether or not to form a collegial executive body ("the board"). In some cases provided by laws, the establishment of a board is mandatory and the number of board members is regulated. Both the mayor and deputy mayor serve on the board. The board adopts decisions by a majority vote of the members present. There is a quorum when at least two-thirds of the board's members are present.

The auditor is elected by a majority vote of all the council members in a secret ballot vote. The deputy auditor is elected in the same way but on the recommendation of the auditor. The auditor supervises how local government budget is used, and whether local government property and state property entrusted to local governments are exploited in an efficient and practical manner. At the request of the council and its committees, the mayor and the board, or at his own initiative, the auditor can organise control and auditing of the local government administration, institutions and organisations as well as of joint-stock companies in which the local government has an interest.

The local government administration implements the decisions of the council, mayor and board, and provides technical services to these institutions. The administration is headed by an administrator who is appointed and dismissed by the mayor. The council decides the structure and regulations of the administration. The mayor and the board resolve personnel and remuneration-related questions in accordance with existing laws and norms, and within the local government's financial resources.

Local government institutions are not subordinate to state government institutions. Every local government has its own independent budget which it drafts and approves. The relationship between the state budget and local government budgets is regulated by the laws governing budgeting and taxation. In cases when local government institutions do not have adequate revenues to meet social needs, the state budget subsidises local government budgets for the implementation of social programmes.

The Republican Association of Local Governments represents all local governments before the Parliament, and in relations with the President, the government and international organisations.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

The State Control Department is an independent supervising authority which is bound by the Constitution and accountable to the Parliament.

The State Control Department ensures that the state's financial and material resources are used lawfully, usefully and effectively, and supervises the realisation of the state budget. The State Control Department has the right to impose fines on officials. The authorities and individuals subject to department's supervision are:

- central government authorities, excluding the Government of Lithuania and the Bank of Lithuania;
- state enterprises; and
- organisations and legal persons who receive state financing, state subsidies, or other state resources.

The department has a central office with control sections for the different activity and inspection areas, and control offices at the district level.

The State Controller, who is appointed by the Parliament for five years on the proposal of the President, heads the department's work. The State Control Board, the department's executive body, consists

of the State Controller, his assistants and the senior controllers. The seniors controllers oversee the control sections in the central office as well as those located in the districts. Decisions of the senior controllers can be appealed to the State Controller, and decisions of the State Controller's assistants to the courts.

On 31 May 1990, the Supreme Council -- the main executive body at that time -- adopted the Law on the State Control Department. The department's statutes were approved on 28 December 1990.

5.2 Ombudsman

The 1992 Constitution called for the creation of the institution of the ombudsman in order to guarantee as much as possible the democratic work of the state administration. The institution had no tradition in Lithuania.

The powers of the ombudsmen were established by Law on the *Seimas* Ombudsmen, adopted on 17 March 1994. The Parliament completed the appointment of all five ombudsmen on 8 December 1994. Ombudsmen are appointed by the Parliament, from among the candidates nominated by the Parliament's chairman, for a term of four years.

The ombudsmen investigate citizen complaints about officials of state government (two ombudsmen), local government (two ombudsmen) and military institutions (one ombudsman) who have abused their official position or the state bureaucracy. Their jurisdiction does not extend to the activities of the President, Prime Minister, the Government of Lithuania (as a collective institution), the State Controller, members of the Parliament, Constitutional Court and Supreme Court judges, judges of other courts, the procedural actions of prosecutor's offices, official investigators, or the local government councils and their boards (as collective institutions).

Upon completing an investigation, the ombudsmen have the right to submit proposals to the court to dismiss guilty officials from their posts. Each ombudsman submits an annual written report to the Parliament on his general activities during the previous calendar year.

Each ombudsman has equal rights and duties, and functions independently. They follow the Constitution and the laws in carrying out their functions.

5.3 Trade Unions

There are 70 trade union organisations in Lithuania. The term of their establishment, activities and termination of activities are defined in the Law on Trade Unions of Lithuania (21 November 1991, No. I-2018). Trade unions represent and defend the legal rights of their members in state institutions, economic and public organisations, and relations with employers, state authorities and administrative bodies.

6. DELIVERY SYSTEM

6.1 Education

The Constitution specifies that education is compulsory for persons under the age of 16 and is provided free of charge at state and local government secondary, vocational and higher schools; that

everyone has the opportunity to pursue higher education according to their individual abilities; and that citizens who demonstrate suitable academic progress are guaranteed higher education free of charge.

The Law on Education, which was adopted by the Supreme Council on 25 June 1991, regulates the creation and operations of state and private educational establishments. Private establishments can be set up, re-organised and abolished with the permission of the Ministry of Education and Science. The statutes of private educational establishments are registered in the municipalities.

The Lithuanian educational system provides preschool, general secondary, vocational and professional education. Preschool children, at the request of their parents or guardians, can receive nursery education from the age of 18 months to three years, and kindergarten education from the age of three until six or seven.

General secondary education lasts for 12 years, although a gradual transition to a 13-year system is envisaged in the future. The three stages of secondary education are: four years of primary school, six years of basic school, and then two years of secondary school (to be extended to three years in the future).

Vocational and professional education is acquired in technical, agricultural, commercial and other specialised vocational schools. This education is sometimes coordinated with general secondary education. Vocational schools usually admit students younger than 14 years old.

Higher education is provided by universities, academies, and institutes. Individuals enrolled in these higher education institutions must have a secondary education. State institutions of higher education are autonomous, as established by the law and the statutes of the respective institutions.

The local governments finance preschools and general secondary schools. The state government finances vocational, professional, and higher education.

6.2 Health

Lithuania's health care system provides three levels of health care: primary, specialised, and highly specialised.

Primary health care is provided according to an individual's place of residence. The Ministry of Health defines the minimum level of primary health care, and local governments are responsible for organising this care.

Specialised health care is administered according to five regional zones. Health care institutions located in the centre of these zones (i.e. the major cities of Lithuania) provide specialised health care for the city population and that of the surrounding area. Ambulatory patients receive care in out-patient departments of these zone hospitals or in specialised centres.

Highly specialised health care is provided by Vilnius University, *Kaunas* Medical Academy, and specialised centres.

Most health care services are provided by the state public health care system, which is financed through general taxation. In recent years, favourable conditions have been created for the establishment of private health care services.

The government is responsible for general health policy. The Ministry of Health is the health authority and is held accountable for the implementation of the government's health policy. The ministry is responsible for the academic, university and large specialised hospitals, while all other hospitals are the responsibility of the municipalities. Approximately 20 per cent of the health care institutions are subordinate to the Ministry of Health; the rest are under the supervision of the municipalities.

6.3 Social Welfare

A new social security system was created at the end of 1989. The key principles of this social security system are:

- equal rights and guarantees of social insurance for all residents of the country, including old age pension, survivor's pension, sick pay, and unemployment benefits;
- support to families, including guarantees for the minimum level of family income, and maternity and children benefits; and
- support for the poor and disabled, including financial aid.

Lithuania's social security policy is determined by the laws on State Social Insurance, Principles of the State Social Insurance System, Individual Income Security, State Benefits for Family Assistance, and Integration of Disabled People.

The social security system consists of compulsory social insurance which is financed from state and municipality funds. Social insurance covers those individuals working under employment contracts and self-employed persons, including farmers.

State social insurance is financed from an independent social security budget which is not included in the state or local government budgets. The social security budget is financed from the compulsory contributions of insured persons at contribution rates established by the government (the following rates applied at the end of 1994):

- Employers pay a contribution equal to 30 per cent of their employees' wages;
- Self-employed people pay 23 per cent of their declared income; and
- Employees pay one per cent of their wages.

7. STATISTICS

President of the Republic: Algirdas Mykolas BRAZAUSKAS (Lithuanian Democratic Labour Party)

Prime Minister: Adolfas SLEZEVICIUS (Lithuanian Democratic Labour Party)

Distribution of Seats in Parliament (*Seimas*), after elections of 25 October and 15 November 1992:

	Percentage (to the nearest tenth)	Seats ¹
Lithuanian Democratic Labour Party (LDLP)	46.1	65
Lithuanian SAJŪDIS	13.5	19
Lithuanian Christian Democratic Party (LChDP)	6.4	9
Citizens Charter	5.7	8
Lithuanian Social Democratic Party (LSDP)	5.7	8
Union of Lithuanian Political Prisoners and Deportees	4.3	6
Future Forum	4.3	6
Lithuanian Democratic Party (LDP)	2.8	4
Lithuanian Polish Union (LPU)	2.1	3
Lithuanian Centre Movement	1.4	2
Political Prisoners Union	1.4	2
Lithuanian Nationalist Union	1.4	2
Christian Democratic Union	0.7	1
Lithuanian Independence Party	0.7	1
Independent Members	3.5	5
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Total	100	141

Political Groups in Parliament (1994):

In accordance with procedures, representatives of parties or non-party members may form political groups (see section 3.2).

	Seats
LDLP	70
Christian Democratic	12
LSDP	7
LPU	4
Homeland Union - Conservatives	24
LDP	3
Lithuanian Nationalist Union	4
Lithuanian Political Prisoners and Deportees Freedom	5
Independent Members	10

Total	100

¹ two seats in the Parliament are vacant.

Some Important Data from the 1994 Lithuanian Budget
(thousands of Litas¹)

Total State Income	4 042 233
Total State Expenditure	4 355 365

Expenditure of the Main State Bodies:

Economic Development:

Municipal Economy	319 127
Fuel and Power Supply	231 141
Agriculture, Forestry, Fishing and Hunting	336 651
Mineral Resources (except Fuel), Industry and Construction	19 922
Transport and Communications	228 767
Other Activities	96 226

Social Development:

Education	947 415
Health Care	629 680
Social Insurance and Social Welfare	328 254
Recreational, Cultural and Sports Services	165 876

Others:

Public Administration	314 702
State Defence	80 602
Public Order and Safety	410 254

<i>Sub-total</i>	4 355 365
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<i>Other State Activities Expenditure</i>	246 748
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Total	4 602 113
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¹ On 1 January 1995, the exchange rates were: 1 US\$ = 4 Litas
(Sources: Bank of Lithuania and Eurostat) 1 ECU = 3.25 Litas

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***PUBLIC MANAGEMENT PROFILE
POLAND***

(as of 1 January 1995)

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Main characteristics

The Republic of Poland was restored in December 1989 following a series of events, including the conclusion of the "round table" agreement between the Communist government and representatives of the democratic opposition in April; parliamentary elections in June (partially free elections to the Chamber of Deputies and fully free to the newly-restored Senate); an election victory for the democratic opposition; and appointment of the first non-Communist government since the Cold War.

The fully free parliamentary elections of November 1991 marked a decisive step for democracy and gained Poland membership in the Council of Europe.

On 18 November 1992, the bicameral Parliament (*National Assembly*) approved the Law on Reciprocal Relations Between the Legislative and Executive Power and on Local Self-Government, called the "small Constitution", to replace articles of the 1952 Constitution of the People's Republic of Poland.

The parliament's Constitutional Commission is preparing a full, new Constitution based on the seven proposals submitted to the Commission in Autumn 1994. The new Constitution must be approved by a two-thirds majority vote of the Parliament, and then presented to the citizens in a popular referendum.

Recent reforms and trends

The Council of Ministers approved a governmental long-term strategy for economic and social development, titled "Strategy for Poland", which was approved by the Parliament in June 1994. This strategy also covered public administration reform, stating that it is a precondition for many economic and social reforms.

The Office for Public Administration Reform in the Office of the Council of Ministers has lead responsibility for administrative reform. This office is supervised by the Minister who heads the Office of the Council of Ministers and has responsibility for central and local public administration (see section 4.1.2).

The Parliament passed the Public Procurement Law in June 1994. This law authorised the establishment of an independent Office of Public Procurement which the government began to organise in the second half of 1994. In December 1994, the Parliament approved a new Law on the Supreme Chamber of Control (see section 5.1) to replace the 1980 law on this control institution. The government approved a draft Civil Service Law which was considered by Parliament but was not passed by the end of 1994.

In the area of economic reforms, the Prime Minister approved the last tranche of enterprises selected for the mass privatisation programme in December 1994.

1. THE STATE

1.1 Nature of the State

The Constitutional Law on Reciprocal Relationships Between the Legislative and Executive Power and on Local Self-government, known as the "small Constitution" (1992), defines Poland as "a democratic state of law, realising principles of social equality". Poland is a unitary state and a parliamentary republic, although some elements of presidential democracy exist. The Parliament is bicameral with the Chamber of Deputies (*Sejm*) having much greater powers than the Senate.

1.2 Constitutional Base

Until there is a new, full constitution, the "small Constitution" is the constitutional basis of the state.

The Constitution is based on the principle of separation of powers and enumerates the following organs of the state:

- the *Sejm* and the Senate for legislative power;
- the President of the Republic and the Council of Ministers for executive power; and
- independent courts of law for judicial power.

This Constitution was signed by the President on 18 November 1992, published on 23 November and in force 14 days after its publication. In spite of its title, the "small Constitution" repeals and covers all areas included in the 1952 Constitution of the People's Republic of Poland. The repeal article does, however, maintain in force many provisions of the five chapters of the 1952 Constitution. From 1989 to 1992, an amended version of the 1952 Constitution, which lacked some of the principles typical of Western standards such as the separation of powers, served as the constitutional basis of the state.

The Parliament's Constitutional Commission is preparing a full, new Constitution on the basis of the seven drafts that were submitted to the Commission in autumn 1994. The new Constitution must be approved by a two-thirds majority vote of the Parliament. A popular referendum must then be organised for the adoption of the new Constitution. The proposed new Constitution must have the support of at least 500 000 citizens before it can be presented in a popular referendum.

1.3 Head of State

The President of the Republic (hereafter referred to as "the President") is the head of state and supreme representative of the Polish State in domestic and foreign relations. He is elected for a five-year term in general, direct, equal and secret elections by an absolute majority of votes. He may be re-elected only once. His powers are primarily linked to the formation of the government.

The "small Constitution" provides for a very complicated procedure of creating a new government. The President proposes a candidate for the post of Prime Minister, currently called President of the Council of Ministers. He then appoints, on the proposition of the Prime Minister, members of the Council of Ministers who must then pass a vote of confidence in the *Sejm*. If the Council is not appointed in this way, both the Prime Minister and the Council's members are elected by the *Sejm*. If, within 21 days, the *Sejm* does not elect a government, the President may exercise a real right of appointment, controlled by the *Sejm*

by a confidence vote. If the Council of Ministers is still not appointed, the *Sejm* will elect it. One other possibility is either dissolution of the Parliament or a purely presidential appointment not to exceed six months.

The Prime Minister must consult with the President before proposing candidates for the posts of ministers of foreign affairs, defence, and home affairs. Thus, the President exercises general control over internal and external security of the state. The Council of National Security is his advisory body in this field.

The President is the supreme superior of the armed forces, and may declare, in cases defined by the Constitution, a state of war and a state of emergency.

Among the President's powers, the most important are the ratification of international agreements (after parliamentary authorisation as defined in the Constitution), the appointment of judges and of Polish diplomatic representatives, and the right to convene a meeting of the Council of Ministers and/or to preside over it.

To be valid, Acts of the President must be counter-signed by the Prime Minister or by a competent minister, except for some acts regarded as personal and enumerated in the Constitution. The President may appoint ministers of state, and delegate powers of representation with respect to other state authorities. The President may propose a candidate for the office of the President of the Polish National Bank.

The President has the right to initiate legislation and may veto an Act of Parliament. The *Sejm* must have a two-thirds majority vote and/or submit an act to Constitutional Tribunal in order to reject a presidential veto.

The President calls parliamentary elections, passes budget laws, and appoints the government in the ways and time-limits prescribed by the Constitution.

2. JUDICIAL AUTHORITY

2.1 Legal System

Poland traditionally subscribes to a continental law. Even under Communism the country did not break with this kind of legal tradition. The legal system of Poland is based on a hierarchy of normative acts in which rules resulting from an inferior act may not oppose rules resulting from a superior act.

Neither the Constitution nor an Act of Parliament specify all the rules concerning this hierarchy. Some rules have been constructed on the basis of the provisions of the Constitution and of legislative acts. The hierarchical order of laws is as follows:

- (a) the Constitution;
- (b) international agreements duly ratified and published in the *Journal of Laws*;
- (c) acts of Parliament (laws), and in this category codes with a particular moral authority and, according to the 1992 Constitution, laws or decrees issued by the Council of Ministers within the framework of parliamentary authorisation;

- (d) acts of organs of executive power to execute legislation and valid within the framework of delegation, including:
- ordinances of the President, the Council of Ministers, the Prime Minister and ministers (published in the *Journal of Laws*);
 - normative resolutions of the Council of Ministers;
 - regulations issued by the President, Prime Minister, ministers, and heads of central administrative offices;
- (e) by-laws, passed by local self-governments; and
- (f) regulations, in particular "order regulations", issued by counties (*voivodships*) as authorities of state administration.

Constitutionality and/or legality of the acts enumerated under (c) and (d) may be controlled by the Constitutional Tribunal. Legality of the acts enumerated under (c) through (f) may be also controlled, on a case-by-case basis, by an authorised court of law (the High Administrative Court for questions of legality of an individual administrative decision and the common courts for disputes within their areas of jurisdiction).

Individual acts of public authorities (state and self-government acts) must conform to rules resulting from all relevant normative acts, unless their constitutionality and/or legality is questioned. They are subject to the rules of the Code of Administrative Procedure. For example, an interested subject of law may appeal a decision -- generally to a superior authority, except for decisions issued by central administrative authorities -- and, after going through the internal administrative procedures, the legality of that decision may be questioned before the High Administrative Court.

2.2 Court Structure

According to the Constitution, the following courts are charged with administration of justice: the Supreme Court, common courts of law, and special courts of law.

For petty offenses, administrative misdemeanour boards are used. Their decisions are subject to appeal to common courts of law only if they relate to deprivation of liberty.

The Supreme Court is the supreme authority of judicial power. It controls jurisdictional activities of all other courts of law, including the High Administrative Court (though in this case there is no appeal to the Supreme Court).

Common courts of law are hierarchically organised into three levels: district, *voivodship* and appellate.

Special courts of law include the High Administrative Court and military courts.

Judges of all courts are appointed by the President, on the proposal of the National Council of the Judiciary. Judges are independent and, in principle, are appointed for life.

At the common courts of first instance, cases are judged jointly by professional judges appointed by the President and lay assessors elected by authorities of local self-government.

The First President of the Supreme Court is appointed from among the judges of the Court and dismissed by the *Sejm* on the proposition of the President. Supreme Court presidents (presiding over the chambers) are appointed by the President. The President and vice-presidents of the High Administrative Court are appointed from among judges of this Court and dismissed, after consultation with the General Assembly of Judges, by the President. Presidents of the common courts are appointed by the Minister of Justice from among candidates proposed by or with the participation of boards representing judges of a given jurisdiction.

Besides special courts in the meaning of the Constitution, there are also two other special courts of law, provided for directly by the Constitution: the Constitutional Tribunal and the Tribunal of State.

The Constitutional Tribunal, functioning since 1985, decides on the constitutionality and/or legality of all normative acts issued by the supreme and central authorities of the State. It comprises a president, a vice-president, and ten judges. Judges of the Tribunal are elected by the *Sejm* for eight-year terms and half of them are renewed every four years. They are independent but their authority is still limited. These limitations are in two areas: the Tribunal may not lodge a constitutional complaint, although it does have the right to act *ex officio*; and the Tribunal's judgments about the unconstitutionality of a legislative act are neither final nor executable. Such judgments must be submitted to the *Sejm* (which may reject it by a two-thirds' majority) and are executable only in the areas of constitutionality and/or legality of a normative act of a sub-legislative level.

The Tribunal of State is a special criminal court which may decide on the criminal responsibility of persons who occupy or occupied the highest posts in the State -- from the President to heads of central administrative offices -- in case of a violation of the Constitution and/or the law. To impeach the President (responsible only to this Tribunal), the National Assembly (that is, the joint houses of Parliament) must decide by a two-thirds' majority of its members. The First President of the Supreme Court is *ex officio* the President of the Tribunal of State. Judges of the court are elected by the *Sejm* for the term of its mandate.

Parallel to the common courts of law, a hierarchy of public prosecutor offices is built up. The Minister of Justice is the General Prosecutor of the Republic of Poland.

3. LEGISLATIVE AUTHORITY

3.1 Main Bodies

According to the Constitution, the organs of legislative power in Poland are the *Sejm* and the Senate. Both houses act jointly as the National Assembly in cases provided for by the Constitution: to swear in the President, to declare him incapable of acting in office, or to impeach him.

The *Sejm* consists of 460 members elected for four-year terms. The Senate consists of 100 senators, elected for the same term as that of the *Sejm*. Parliament may be dissolved by a two-thirds decision of the *Sejm* and by the President (see section 1.3).

The *Sejm* has the power to:

- legislate -- passing laws, including annual budget laws and legislation proposed by the President, the Senate, the Council of Ministers and a number of members of the *Sejm* fixed in its Standing Orders (at present, 15 members or members acting as a committee);
- appoint or elect important state authorities such as the Prime Minister and members of the Council of Ministers (see section 1.3), the President of the Polish National Bank, the First President of the Supreme Court, judges of the Constitutional Tribunal and of the Tribunal of State, the President of the Supreme Chamber of Control, and the Spokesman for Citizens' Rights;
- control -- in particular the right of the *Sejm* to a vote of no-confidence¹ in the Council of Ministers and the right of each member to interpellate members of the government;
- define directives for activities of state through resolutions of the *Sejm* -- for example, concerning principles of economic and social policy or the privatisation policy; and
- call a referendum -- decided in matters of special interest to the state.

The Senate has the power to:

- participate in legislation, including constitutional laws, through the right to initiate and/or to propose, within 30 days, amendments to a law passed by the *Sejm* (to reject a law the Senate's decisions may be over-ruled by an absolute majority of votes of the *Sejm*); and
- participate in appointing some authorities of the state (for example, the Senate agrees on the appointment and dismissal of the President of the Supreme Chamber of Control, the appointment of the Spokesman for Citizens' Rights, and the decision of the President of the Republic to call referenda in matters of a special interest for the state).

Generally, for decisions of both houses, a quorum of more than half the members is required. Decisions are made -- unless provided otherwise by the Constitution, legislative acts and standing orders of the houses -- by a simple majority of votes. In the *Sejm*, however, an absolute majority is often needed.

The new Standing Orders of the *Sejm*, passed on 30 July 1992, greatly improved legislative procedure. Currently, three readings are necessary to pass a law -- the first reading takes place most often during committee meetings and by the third reading, further amendments are not permitted.

The 1992 Constitution enumerates a number of posts incompatible with holding a parliamentary seat. Besides the President, the following are not permitted to hold any other state office or post:

- judges of the Constitutional Court, the Tribunal of State, and the Supreme Court;

¹ The 1992 Constitution permits a constructive vote of no-confidence in the government. The motion of censure, if supported by at least 46 representatives, may be voted together with the election of a new Prime Minister. If such an election does not occur, the President shall accept the dismissal of the government but he shall also be entitled to dissolve the *Sejm*. A vote of censure may be initiated against the whole Council of Ministers (not solely against the President of the Council) and also against ministers individually. A minister against which the *Sejm* votes no-confidence presents his dismissal to the President, who accepts it. Control is also given to the *Sejm*'s committees (see section 3.2) with the right to approve implementation of the state budget.

- the President of the Polish National Bank;
- the Spokesman for Citizens' Rights;
- the President of the Supreme Chamber of Control;
- ambassadors; and
- the *Voivod* (the representative of the State at the county level).

3.2 Associated Structures

Both the *Sejm* and the Senate have the following officers and directing and auxiliary bodies:

- Speakers of each house, traditionally called "Marshals", and a number of deputy speakers (at present, five for the *Sejm* and three for the Senate), constituting jointly a presidium of each house;
- Seniors' Convents of each house, grouping members of the presidium and representatives of formal parliamentary groups; and
- Committees, standing and special.

The *Sejm* has 24 standing committees. The most important are the Legislative Committee and the Committee for Economic Policy, Budget and Finance. The Senate has 12 standing committees.

Each house has a chancellery, which is an administrative auxiliary structure directed by the Head of Chancellery, who is appointed by the Speaker of the respective house.

3.3 Electoral System

Since 1991, the electoral system of Poland has been based on general principles of democratic states. Presidential, parliamentary and local self-government elections are general, direct and secret, and, except for the Senate, equal. Elections to the *Sejm* are proportional.

In the *Sejm*, 391 members of the house are elected in constituencies and 69 are elected from "national lists" presented by organisations trying to have their candidates elected in several constituencies. In constituencies and on national lists, seats are distributed in proportion to the number of votes for a given list, with measures privileging the most successful lists and handicapping the least successful lists. This system results in a multi-party system. In the Parliament, 12 political parties are represented from among approximately 150 formally registered (see section 7).

Senate elections are much simpler. Senators are elected in *voivodships* by a simple majority vote. As there are 49 voivodships, each *voivodship* is represented by two senators -- except for Warsaw and Katowice (the most populated voivodships) which are represented by three senators each. For this reason, and because there is a considerable disparity of voivodships, senatorial elections are not equal. It is noteworthy that the majority system has not safeguarded the Senate from the same political dispersion as the *Sejm*. Moreover, formal parliamentary groups are constituted jointly for members of both houses of Parliament.

4. EXECUTIVE AUTHORITY

Public administration in Poland is divided into two separate branches: state administration (referred to as "governmental administration"), and local self-government administration. There are also separate legislative acts regarding the legal status of employees of each branch of administration: the Law on Employees of Offices of State Administration (1982) and the Law on Local Self-government Employees (1990).

For budgeting and budget implementation purposes, state and local self-government administration are subject to the General Law on Budget (1991).

4.1 Central Government

4.1.1 Head of Government

The Head of the Polish Government is the President of the Council of Ministers, currently called the Prime Minister. He is appointed by the *Sejm* on a motion from the President. The 1992 Constitution greatly complicated the procedure of appointment to this office (see section 1.3).

According to the Constitution, the Prime Minister "manages the work of the Council of Ministers as well as co-ordinates and controls the work of particular ministers". He is the "superior in service with respect to all employees of state administration". It is interesting to note that provisions in the Constitution are outlined well after those describing the role of the Council of Ministers. The Council of Ministers "leads home and foreign policy of the Republic of Poland, manages the whole administration, and decides in those matters of state policy not reserved by a constitutional or other law for the President or for another authority of state administration or self-government". It must be noted that the Constitution provides for collegial acting of the Council. For these reasons and taking into account the fact that a multi-party system often leads to coalition governments (as is the case now with a coalition of two parties), the position of the Prime Minister is difficult to characterise. Three aspects of this position are, however, clear. The Prime Minister is:

- formally responsible for the composition of the Council of Ministers (even if, for three ministerial posts, he must consult the President);
- at least a first among peers within the Council of Ministers, presiding (except when the President chairs) when the Council is formally the centre of government decision-making; and
- the superior of state administration in that he appoints, on the recommendation of respective ministers, two categories of deputy ministers (secretaries of state and under-secretaries of state).

Ultimately, the characteristics of this position depend on personality as well as opportunities within the (usually) coalition government. Among the post-1989 prime ministers who succeeded in forming a government, there were substantial differences in this respect.

4.1.2 Office of the Head of Government / Office of the Government

Functions of such an office are performed, together with many other ones, by the Office of the Council of Ministers. According to the Law on Changes in Organisation and Scope of Activities of the Supreme and Central Authorities of State Administration (1985), the Office must:

- define principles of organisation and functioning of state administration offices;
- co-ordinate realisation of human resources policy in the state administration;
- administer the personal affairs of those holding the post of direction in the state administration;
- organise legislative activity of the government;
- control implementation of tasks fixed by the Council of Ministers and the Prime Minister;
- co-ordinate controlling activities of supreme and central authorities of the state administration;
- set up rules for managing state real property administered by authorities of the state administration;
- provide organisational, legal and technical/clerical services to the government; and
- supervise and co-ordinate activities of local authorities of state administration.

In practice, the Office also provides an organisational framework for ministers without portfolio and for some governmental activities which are not covered by any other central organisation (like youth or religious affairs). Some of these activities are managed by the government's plenipotentiary, the institution provided for by the same 1985 law, acting within the framework either of the Office of the Council of Ministers (in the case of public administration reform) or another office of a supreme authority of state administration.

The functions of the Office consist not only on assistance to the prime Minister, but include many other tasks. The Head of the Office is, by law, a minister, and is politically responsible for this activity before the *Sejm*. For this reason, it is the Minister, Head of the Office of the Council of Ministers, who is the head of central and local public administration. Organisational units belonging to the office of the Prime Minister are controlled by the Minister, Head of the Office of the Council of Ministers, including the Prime Minister's cabinet or group of advisers.

4.1.3 Central Policy-making / Co-ordinating Bodies

The Council of Ministers (the government) is the supreme policy-making and executive body.

The Council of Ministers consists of:

- the President of the Council (i.e. the Prime Minister);
- the Vice-President or Vice-Presidents of the Council, if any (two as of 1 January 1995);

- ministers (19 as of 1 January 1995), each of whom must "administer a given branch of the state administration"; and
- presidents of commissions and/or committees which, by law, carry out tasks of the supreme authorities of state administration (a category which does not yet exist, except for the Committee of Scientific Research).

Neither the 1992 Constitution nor the 1952 Constitution provide for ministers without portfolio. As of 1 January 1995, in accordance with the Constitution, there are 21 members of the Council of Ministers.

Organisation of the work of the Council of Ministers has not been legislatively regulated, except for a long forgotten decree of 1918, which was never abolished. Rules in this area are shaped by standing orders of the Council. This explains why the personality of the Prime Minister plays an important role in the way the Council is organised. Traditionally, the Council meets at least every week. Under the first post-1989 Prime Minister, meetings were lengthy and detailed (see section 4.1.4).

Apart from the constitutional members of the Council of Ministers, meetings of the government are regularly attended by others, including the Secretary of State for the Office of the Council of Ministers, the Secretary of the Government, the head of the group of the Prime Minister's advisers, the plenipotentiaries of the government (when situated in the Office of the Council of Ministers), and the government spokesperson. There are no strict rules for substitution of an absent member of the Council.

In the Prime Minister's absence, the Deputy Prime Minister (or, if the position has not been created in the government, a minister) is delegated by the Prime Minister to preside over Council meetings. A secretary of state or under-secretary of state in a ministry may be delegated to act in the absence of a minister. Substitute-ministers may take part in the debate but they may not vote. However, it is rare that Council decisions are made by voting; they are usually made by consensus.

4.1.4 Consultative / Advisory Bodies

The Council of Ministers has three standing committees (Economic, Social Policy and Defence) and one council (Socio-Economic Strategy). Each of them is presided over by one of the vice-presidents of the Council of Ministers, and consists of the relevant ministers and a secretary who ranks as an under-secretary of state in the Office of the Council of Ministers.

The Economic Committee is a rather solid structure, having been shaped since 1989. The Social Committee was formed in August 1992, and the Defence Committee in 1993.

Committees have an important role in the government's decision-making procedures. They prepare decisions of the Council of Ministers dealing with the government's economic and social policies. Their practical role depends on the way in which the Prime Minister organises the government's work. For example, under the third post-1989 government, the Economic Committee was rarely consulted, whereas at present, it meets frequently (often more than once a week). Frequent preliminary meetings help to avoid lengthy discussions during the meetings of the Council of Ministers.

Among units of ministerial rank, the Central Office of Planning, headed by a special minister, is neither a line structure nor a central management body. Its main task is to forecast economic trends, to elaborate principles of economic and social policy to be accepted by the government and then by the *Sejm*, and to prepare government economic programmes.

4.1.5 *Central Management Bodies*

The present central administration system does not differ from the pre-1989 system. Reforms undertaken in the areas of constitutional and self-government have not yet touched the organisation of central management bodies. Thus, these bodies remain in forms shaped under the previous political system, but with roots in the pre-War tradition of the German administrative experience of Prussia and the 2nd Reich.

The Minister of Finance manages financial resources. The Ministry of Finance prepares, in consultation with other interested ministries, annual budget proposals for decision by the government. The government proposes the budget law to the *Sejm* which passes it with participation from the Senate. The Ministry of Finance is also responsible for general public expenditure policy, control and monitoring of government expenditure, and collection of taxes (although custom duties are collected by the Ministry of Economic Co-operation with Abroad).

Responsibility for collecting Treasury revenues resulting from civil law (privatisation) transactions are dispersed among several authorities of state administration -- the Minister of Ownership Transformation is responsible for "capital privatisation" (transforming state enterprises into commercial companies and selling their shares); and "founding authorities" (line ministries and *voivods*) are responsible for "direct transformation" (sale or leasing of enterprises). Transactions concerning state real property are conducted by heads of district offices.

Responsibility for making policies on personnel and remuneration in the state sector is dispersed. The Minister, Head of the Office of the Council of Ministers, is responsible for personnel policy at the local state administration level, and, to a certain extent, at the central administration level. Responsibilities with respect to remuneration are shared between the Ministry of Finance, and the Ministry of Labour and Social Policy. The Ministry of Finance authors the draft annual budget law to resolve issues of remuneration. The Law on Principles of Financial Management of the State (January 1992), authorised the Minister of Labour, acting with the agreement of the Minister of Finance, to fix limits of remunerations paid off within particular parts of the budget.

Taking into consideration that there are many laws governing the different categories of state employees (teachers, staff of higher schools, employees of the Polish Academy of Sciences, judges, policemen, custom duty officers, gaolers), almost every minister is authorised to act on personnel policy. There is also no centralised office of recruitment (like civil service commissions of other countries). For these reasons, responsibility for the co-ordination of personnel policies rests with the whole government. The government presented a draft Civil Service Law to the Parliament in 1994.

While a structured information technology service does not exist, some nucleus structure exists within the Office of the Council of Ministers. The Informatics Bureau is responsible for technology for state use.

The Constitution formulates the principle of creating new ministries by a legislative act. In practice, the scope of activities of each ministry is based on the laws relevant to the creation of each ministry. From this point of view, there is no distinction between the offices of ministers -- the supreme authorities of the state administration and, more importantly, political decision-makers -- and the central administrative offices whose heads, with no ministerial or political rank, are called the central authorities of state administration.

4.1.6 Line Ministries

In Poland, there are 16 line ministries:

- Home Affairs;
- National Defence;
- Foreign Affairs;
- Justice;
- National Education;
- Labour and Social Policy;
- Culture and Arts;
- Health and Social Assistance;
- Industry and Trade;
- Transport and Maritime Economy;
- Communication;
- Agriculture and Food Economy;
- Town and Country Development and Building;
- Environmental Protection, Natural Resources and Forestry;
- Economic Co-operation with Abroad; and
- Ownership Transformations.

The Ministry of Finance is considered the central management body and therefore is not listed here (see section 4.1.5).

Each ministry is headed by a minister who is assisted by a number of deputy ministers. There are two ranks of deputy minister: secretaries of state and under-secretaries of state. The post of Secretary of State was created by the Council of Ministers by the Law on Changes in Organisation (1985) "in order to assure the uniform carrying out of tasks, legally distinguished, having particular social or economic importance" within offices headed by a minister. There are very few posts of this rank. On the other hand, there are many under-secretaries of state (usually more than three in a ministry).

4.1.7 Other Bodies

Within the framework of Poland's central administration, there are structures other than "supreme authorities of the state administration". These include:

- central offices;
- government agencies acting in the field of economics; and
- special decision-making and/or advisory boards.

Central offices, whose heads are appointed by the Prime Minister, are currently defined as the "central authorities of the state administration". Their authority is defined by law. They may, if authorised by legislative act, issue normative acts. For administrative procedures, their decisions are regarded as final, and, may be questioned only before the High Administrative Court.

Central offices are attached to the Prime Minister or to a given minister. For instance, the Prime Minister supervises the Patent Office, the Atomic State Agency, the Central Statistical Office, the Polish Committee of Standardisation, Measures and Quality, the Office for Physical Culture and Tourism, the Anti-Monopoly Office, and the Higher Mining Office. The Home Affairs Minister supervises the Office of the Protection of the State, the Central Head of the Police and the Central Head of Fire-Protection. The Minister of National Education supervises the Chief Director of State Archives, and the Minister of

Economic Co-operation with Abroad supervises the Central Office of Custom Duties. Powers of a given member of the Council of Ministers with respect to a central office must be clearly defined by law.

There are, for the time being, two state agencies acting in the field of economics. The purpose of the Agency of Agricultural Market is to protect prices and supply through market intervention, and the Agency of the Agricultural Property of the State Treasury is responsible for privatising state farms. They are not regarded as units of state administration and therefore are autonomous. They are not "economic subjects", as defined in the Law on Carrying Out Economic Activities (1988), and are controlled more by competent state authorities than by state economic subjects.

The third category of central administrative bodies includes such varied agencies as the Central Council on Higher Schools, the Central Commission for Academic Title and Degrees, and the Committee for Horse Races.

4.1.8 Central Representation at Local Level

The local administration reform (1990) abolished the Soviet system of local soviets and represented a return to the traditional distinction between governmental administration and local self-government (see section 4, introduction) which was abandoned in 1950. Local self-government has been temporarily restored only at the commune level, but creation of self-government districts (also a return to traditional institutions) is under way. The 1992 Constitution declares that "local self-government is a basic form of organising local public life", and defines units of local-self government as enjoying a legal personality and as "communities of inhabitants of a given territory, existing by virtue of the law".

Introduction of communal self-government also meant withdrawal from the communal level of the state administration of general competence (represented before 1990 by the heads of communes, the town mayors and the city presidents).

Central representation currently exists at the *voivodship* (county) level and at the district level (an intermediary level between the *voivodship* and the commune). The latter exists only for purposes of governmental and judicial administration (not necessarily in the same territorial framework).

At the voivodship level, the state is represented by a *Voivod*, appointed and dismissed by the Prime Minister on the recommendation of the minister responsible for matters of administration (for the time being, still the Minister, Head of the Office of the Council of Ministers). The *Voivod* has, in principle, only one legal substitute -- the *Vice-Voivod* who is appointed by the Prime Minister on the recommendation of the *Voivod*. Besides acting as the government's representative, the *Voivod* is the basic authority of governmental administration in the voivodship. The *Voivod* acts in all matters not expressly reserved for other authorities of the administration (the "administration of special competence") -- the relatively few exceptions include matters of the army, taxes, custom duties, mining, postal service, and railways.

As the representative of the government, the *Voivod*:

- co-ordinates the activity of authorities of governmental administration functioning on the territory of the voivodship in order to assure its conformity with the government's policy. A representative may enquire into the activities of these authorities, convene regular meetings of representatives, and issue general legal acts or other acts important for the government's policy (as long as they are in agreement with the *Voivod*);
- organises, on the territory of the voivodship, control for carrying out activities of governmental administration, as they result from laws and regulations; and

- organises co-operation, on the territory of the voivodship, all organisational units responsible for maintaining public order, preventing natural calamities, and repairing their effects.

The *Voivod* is also given certain powers in the field of supervision over local self-government to:

- declare invalid a resolution of a communal authority (with a possible appeal to the High Administrative Court);
- suspend the execution of a resolution and send it back to a competent communal authority; and
- act as the authority of second instance in administrative procedures concerning decisions issued by local self-government in the field of the tasks delegated by governmental administration (see section 4).

A *voivodship* office assists the *Voivod* in carrying out his functions. A director manages the office, which is organised into divisions. The *Voivod* appoints an advisory body, the "College" or "Board", which consists of the *Vice-Voivod*, an office director, division directors and others.

The *Voivod* appoints and dismisses the heads of district offices. These officials oversee general governmental administration at the district level.

4.2 Subnational Government

4.2.1 Regional Government

The Polish voivodship is the authority entrusted with regional government (see section 4.1.8).

There is, however, another *voivodship* body linked to local self-government, the *voivodship* dietine (*Sejmik*) consisting of representatives of communal councils. As well as organising co-operation of communes and representing their interests, the dietine is consulted on candidates for the post of the *Voivod* and exercises, within the framework of the law, supervision over local self-government.

4.2.2 Local Government

Local administration at the communal level acts by virtue of the Law on Local Self-Government (1990). The communes of Warsaw are, however, governed by the Law on Organization of Self-Government of the Capital City of Warsaw (1994).

According to the Law on Local Self-government (1990), the tasks of the local self-government are twofold. The first category of tasks may be defined as "proper" tasks of communities. Local self-government may, and in fact could be compelled to act in the field of "governmental administration". Depending on the task, different rules govern acts of local self-government and the responsibilities of appellate authorities in administrative procedures (special self-government appellate bodies with respect to "proper task" decisions, and *voivods* for "governmental administration" tasks).

The 1992 Constitution formulates the principle of presumption of self-government competence. It stipulates that "local self-government carries out, within the framework of the law, a substantial number of public tasks, except for tasks reserved by law to be in the area of competence of governmental administration".

The general rule of the 1990 Law is that the commune satisfies the collective needs of its community ("proper tasks"), in particular in the areas of:

- Physical planning, real property administration, and environmental protection;
- Communal roads, bridges, squares, and streets, and organisation of traffic;
- Water supply, sewage, rubbish removal;
- Local public transport;
- Health protection;
- Social assistance;
- Communal housing;
- Education (up to the primary school level);
- Culture;
- Physical culture;
- Market places and halls;
- Verdure;
- Communal cemeteries;
- Public order and fire protection; and
- Maintaining structures of public utility.

The tasks in the field of education are gradually being transferred to communes and the process will be completed by the end of 1995.

The commune has two organs: the Council and the Board of Management.

The council is elected every four years in direct, equal, and secret elections. The number of members (ranging from 15 to 100) depends on the population of the commune. The council decides on the most important matters (economic and financial). The law sets up a presumption of its competence in all communal affairs. It elects its president and vice-presidents (up to three).

The board of management is composed of the following persons (total of between four and seven):

- the Head of the Commune (*wojt*) in rural areas, the Mayor (*burmistrz*) in towns of less than 100 000 inhabitants, or the City President, who may be elected also from outside the council;
- the Deputy Head, Mayor or President -- or the Deputy Heads (who also may be non-members of the council); and/or
- other members of the board (who must be elected from among members of the council).

Members of the board are elected by the council. The president of the board is elected separately, and substitutes are elected on the president's recommendation. Members of the board may not be employed in governmental administration. The secretary and the treasurer of the commune, who are communal employees, also participate in board meetings.

The board acts collegially, but individual decisions in the field of public administration are taken by its president or other persons in whom he delegates power.

The country communes group consists traditionally of a number of villages. To preserve the identity of each village, a sub-communal division is maintained in each village. It consists of three bodies: a general assembly, a head (*soltys*), and a council head, the latter two elected in direct and secret elections.

In towns, it is possible to set up units equivalent to *solectwa*, (quarters, with an organisation similar to that of villages).

Warsaw consists of a group of seven communes -- districts into which the previous City of Warsaw was divided. In comparison to other communes, powers of the communes for the districts of Warsaw are reduced in favour of Warsaw authorities.

The financial basis of activities of local self-government is regulated on a temporary basis by a 1990 Law which has been enacted for two fiscal years. Besides revenues from civil law liabilities and profits from their enterprises, communes may gather local taxes (real property tax, agricultural tax, and tax on means of transport), and some charges and duties (the stamp duty). They also benefit from some state taxes (15 per cent of the individual profit tax, and two per cent of the corporate tax), and have a right to state subsidies.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

One of the most characteristic public management institutions of Poland has been the Supreme Chamber of Control. It has existed since 1919 with only two interruptions: during the Second World War and for the period of 1952-57. The Chamber is not a state audit office (as in other countries) although it carries out activities similar to such an office.

According to the Constitution, the Supreme Chamber of Control is an institution of enquiry. The new Law on the Supreme Chamber of Control, adopted on 23 December 1994, will come into effect in August 1995. This law replaces the Law on the Supreme Chamber Control (1980).

The 1994 Law provides for the type of organisations the Supreme Chamber of Control is authorised to audit as well as the areas of operation to be audited. The Chamber monitors the economic, financial and organisation/administrative activities of all government and state-owned organisations and agencies, including public administration organisations. The Chamber's audits ensure the legality, economic efficiency, efficacy and integrity of the operations of these authorities. The Chamber can conduct facultative audits of local governments, co-operatives (only until the end of 1995), and other non-governmental and business organisations within the criteria strictly defined in the law.

The controlling activity of the Chamber is carried out at the request of the *Sejm*, the President of the Republic, the Prime Minister or on the Chamber's own initiative.

The Chamber reports to the *Sejm*. The *Sejm* appoints and dismisses the President of the Chamber of Control. The 1994 Law strengthens the position of the Chamber's President giving him a six-year term of office and limiting the cases in which he could be dismissed. In addition, the 1994 Law strengthens the principle of collective decision-making of the Chamber's Governing Board. The Governing Board's structure, term of office and areas of responsibility are set forth in the law.

5.2 Ombudsman

The institution of the Ombudsman (Spokesman for Citizen's Rights) was introduced in 1987, and gained a constitutional basis in 1989.

The Spokesman, elected for a four-year term by the *Sejm* with the agreement of the Senate, protects the rights and liberties of Polish citizens as defined in the Constitution and other provisions of the law. The Spokesman inquires, ex officio or by motion of an interested person, as to whether an authority, organisation or institution obligated to respect and to realise rights and liberties has violated the law and/or the rules of social life and social equality. Citizens have open access to the Spokesman. The Spokesman is independent in activities and responsible only to the *Sejm*.

The Spokesman may ask a competent authority to carry out an enquiry, ask the Supreme Chamber of Control to exercise its control, or carry it out within his office. In the latter case, the Spokesman may demand all respective information and documents. When the Spokesman determines that a violation has occurred, he or she may address a competent authority or lodge an appropriate legal remedy (bringing a civil action, demanding to start prosecution for a criminal offence, or lodging an appeal, lodging a constitutional complaint).

5.3 Trade Unions

Since 1980, Poland has had a strong tradition of independent trade unions. Since 1989, this tradition was well anchored in legislation. Trade unions enjoy many rights in the area of labour law. They also have rights with respect to general conditions of economic and social life. The largest trade unions -- *Solidarnosc* and the post-communist OPZZ -- play at the same time a considerable political role. *Solidarnosc* is officially represented in the Senate (see section 7).

The Law on Associations (1989) is a very liberal law, permitting freely to set up associations. Associations registered by the competent courts of law have a legal character and a legal capacity to act in all legal matters, including those of civil and commercial law.

6. DELIVERY SYSTEM

6.1 Education

In accordance with the Law on Education of 7 September 1991, the Polish system of education consists of the following basic elements:

- nursery schools, including special schools for physically and mentally handicapped persons;
- primary and post-primary schools, including special and artistic schools;
- educational institutions for the development of interests and skills;
- associations, providing psychological, pedagogical and vocational counselling;
- educational and resocialisation institutions for orphans;
- teacher training colleges and continuing education institutions; and
- pedagogical libraries.

Pre-school education is provided to children from three to six years old in nursery schools and in the nursery sections of primary schools. At six, children have the right to ask for a year of preparation before attending primary schools. The commune (*gmina*) is responsible for providing the pre-school facilities. Primary schools provide basic education, which is compulsory from the age of seven to 17.

Public and private post-primary schools are divided into two different levels: lower vocational schools, including vocational and basic secondary schools; and general secondary schools. Education provided by lower vocational schools usually lasts three years, but the certificate of completion given at the end of the programme is not a secondary school certificate (*matura*) and does not qualify for university entrance. General secondary education consists of general secondary schools and vocational technical schools. They both deliver a school certificate valid for applying to a university. Courses of the vocational technical schools provide specialised education for a duration of four to five years.

Post-secondary education is provided by secondary schools preparing general secondary students for longer and more specialised studies.

Children who are chronically ill, mentally or physically handicapped, or socially maladjusted attend special schools. These schools are either independent, part of special educational institutions or centres, or attached to medical or correctional institutions. They are divided into primary and post-primary schools; general secondary and secondary vocational schools; and technical and basic vocational schools.

Private schools are run either by voluntary and religious organisations, or by private individuals. In order to obtain the right to issue certificates and diplomas equivalent to those of state schools, private schools must acquire the status of public schools by providing a minimum academic education, and applying the principles of classification and promotion defined by the Ministry of National Education in the Law on Education. At the primary school level, all private schools must have the status of public schools, according to the existing compulsory educational requirements. Only 0.4 per cent of children of primary school age and 4 per cent of students of secondary school age attend private schools.

Adult education consists of all levels of education (primary, basic, secondary and higher education), and takes the form of day schools, evening classes, correspondence classes and university extension. Adults attend these courses through professional assignments or voluntarily.

The Polish educational system is administered at three levels:

- the Ministry of National Education, in co-operation with other ministries: the Minister of National Education coordinates and implements the educational policy of the government, supervises the activities of the superintendents (except for vocational training where he co-operates with the Ministers of Culture, Agriculture and Health), and works with other bodies and organisational units while administering the school system;
- the Superintendent of Education, who is appointed by the Minister of National Education on the advice of the governor: the superintendent is responsible for directing the implementation of educational policy at the provincial level. He manages children care as well as the educational system from pre-school education up to post-secondary schools, and organises in-training for teachers. He also appoints school principals subordinate to him; and
- the School Principal, who is appointed by the commune.

According to the Law on Education:

- local governments (i.e. the communes) have the responsibility for running nursery, primary and secondary schools within their territories; and
- the body managing a school or an educational institution is responsible for its maintenance and staffing, and for providing the conditions necessary to fulfil its activities.

The Law's main objective was to transfer authority regarding the management of schools from the state to the local government by creating councils at all levels of the educational system, but the Ministry of National Education adopted in 1994 new and more flexible guidelines regarding this Law. The Ministry decided to postpone the deadlines regarding transfer of authority. Although the communes were managing 91.8 per cent of pre-school institutions in 1991, they had control over 15 per cent of primary schools, 1.1 per cent of secondary schools, and 0.3 per cent of vocational schools only in the end 1994. The Ministry of National Education is currently considering a revision of the Law on Education, in order to give more power to superintendents in the administration of educational institutions.

In order to finance schools, communes (which have been given the authority to manage educational institutions) get subsidies from the state budget; from 1991 to 1993, these subsidies were provided directly by the Ministry of Finance. However, the amount of state subsidies is not sufficient to meet all expenses, and many prosperous communes also contribute to the financing of the educational institutions within their territories.

6.2 Health

The 1992 Constitution of Poland guarantees the right of Polish citizens to health protection and assistance, and sets out the basic principles of the national health care system, described in the Law on Institutions of Health Assistance (1991). This system provides basic health care services free of charge to Polish citizens, with the exception of medicine and drug costs which are only reimbursed at a level of 80 per cent. Within the government, the Minister of Health and Social Assistance is generally responsible for health care policy and management.

The current health care system consists of:

- 5 350 clinics, 3 293 health centres and 13 021 specialised centres;
- 678 hospitals; and
- 189 sanatoria.

For the time being, the majority of health care institutions, except private sector ones, are the responsibility of the state, and are financed by the state budget. However, in accordance with the Law on Local Self-Government (1990), the responsibility for basic health care is being transferred to local self-governing authorities. At the end of 1994, local authorities had taken over responsibility for delivering one-third of all primary health care.

In June 1994, the Ministry of Health and Social Assistance presented a draft National Health Programme, which established the main objectives of the health care reform. The government approved the programme and presented it for information to the Parliament late 1994. At the end of the year, the Ministry presented a draft law on universal health insurance to the Council of Ministers. This draft law would introduce a mixed insurance-budget model of health care financing whereby health insurance subscriptions cover the main part of health care service expenditures, and the budget of the state and local government authorities covers the purchase of capital equipment, medical training and research, and implementation of the National Health Programme and the government's health policy priorities. The

legislation aims to create a financially, self-sufficient system where self-managing institutions provide the basic health care services.

Therefore, the Ministry of Health and Social Assistance has already worked on a series of reform measures, including:

- proposing a new system for allocating health care resources to the 19 *voivodships*, based on demographic data and mortality indicators;
- transferring the responsibility of primary health care services from the state to local self-governments;
- introducing a system of registering health care services in the *voivodships*;
- developing a national drug policy; and
- rationalising the health care expenditure programme (which was agreed to by the *voivods* and the Ministry of Finance).

6.3 Social Welfare

The Constitution of Poland guarantees the right to social welfare for all Polish citizens. The framework of the social welfare system is established by the Unemployment Act (1989) and the Social Welfare Act (1990).

Social assistance is organised by the state government and local government units, in co-operation with volunteer organisations, religious and charity organisations, foundations, and individuals. Within the state government, the Ministry of Labour and Social Policy and the Ministry of Health and Social Assistance are responsible for the social welfare policy.

Local government and voivodship-level structures are responsible for implementing the Social Welfare Act.

At the commune (*gmina*) level, Social Assistance Centres carry out the social assistance tasks that need to be fulfilled at the commune level. These centres, while part of the local government administration, have the status of a separate legal entity and their own budget. Social assistance provided by the communes is financed either from the commune's budget or the state budget, depending on the nature of the assistance: assistance provided for locally-identified needs (i.e. administration of local residential and nursing homes, or the provision of meals and clothing) is paid for by the commune; assistance which the state requires the communes to administer (i.e. special needs benefits and benefits to cover losses resulting from natural disasters) are financed by the state budget.

At the *voivodship* level, "*voivodship* social assistance units" are responsible for implementing social assistance at the voivodship level, and for technical supervision of the Social Assistance Centres operating in the communes located in the voivodship. These units are created by, and report to, the *voivods*.

The Social Welfare Act requires that social assistance be provided to individuals and families in the event of poverty, orphanhood, homelessness, maternity, unemployment, physical or mental handicap,

chronic illness, child rearing difficulties, alcohol or drug addiction, difficulty in adapting to life after imprisonment, and natural disasters.

Forms of social assistance include benefits in cash, which are generally established at the rate of 28 per cent of the current average salary in Poland, and institutional care (i.e residential and nursing homes).

The national social security system is administered by the Social Insurance Institution (*ZUS*), which is under the supervision of the Ministry of Health and Social Assistance, and operates through local branch and inspection offices. There are three basic social security schemes within the *ZUS*, as follows:

- the most predominant scheme is the one that covers both part-time and full-time employees of the state administration and private sector employers, including foreign companies with employees working in Poland. The state administration and private sector employers pay a compulsory contribution to the *ZUS* for their employees. Their contribution rate is 45 per cent of each employee's gross remuneration, plus an additional two per cent of this figure to be paid by companies, as a contribution to the Labour Fund (covering their employees). Decreased rates apply to handicapped persons. Private sector employers can deduct these contributions for corporate income tax purposes;
- the second scheme covers registered self-employed persons working in areas other than agriculture. Self-employed persons receive the same social security benefits as employees of the state administration and private sector employees. Self-employed persons must pay a contribution to the *ZUS* which equals 40 per cent of their gross earnings, but no less than 60 per cent of the current median salary in Poland. Self-employed persons also must pay two per cent of their gross earnings as a contribution to the Labour Fund. Non-citizens of Poland cannot be insured under this scheme, and therefore do not have to contribute; and
- the third scheme covers individual farmers and is provided by the Farmer's Social Insurance Fund.

7. STATISTICS

Head of State: Lech WALESZA (*Solidarnosc*)

Prime Minister (*President of the Council of Ministers*): Waldemar PAWLAK (PSL)

Party Representation in the Parliament (as of 1 January 1995):

	<i>Sejm</i>		Senate	
	Percentage (to the nearest tenth)	Seats	Percentage (to the nearest tenth)	Seats
Alliance of the Democratic Left (SLD)	36.3	167	38.0	38
Polish Peasants Party (PSL)	28.5	131	35.0	35
Liberty Union (UW)	16.1	74	7.0	7
Labour Union (UP)	8.3	38	-	-
Non-political Bloc for Support of Reforms (BBWR)	3.4	16	1.0	1
Confederation of Independent Poland (KPN)	3.4	16	-	-
Independent Parties	1.5	7	2.0	2
German Minority	0.9	4	-	-
Polish Right (PP)	0.9	4	-	-
Polish Socialist Party (PPS)	0.7	3	-	-
Trade Union <i>Solidarnosc</i>	-	-	11.0	11
Independent	-	-	6.0	6
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Total	100	460	100	100

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***PUBLIC MANAGEMENT PROFILE
ROMANIA***

(as of 1 January 1995)

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Main Characteristics

Until December 1989 Romania was a Communist dictatorship, controlled by the Communist Party, and excessively centralised. Unlike other ex-Communist countries of Central and Eastern Europe, the change of regime in Romania took place following a violent revolution (22 December 1989) which put an end to Communist rule. This revolution created a power vacuum.

Transition to a market economy became the centre of the new government's programme. This government was formed after the first free elections on 20 May 1990. Parliament prepared the country's new democratic Constitution. During this time, the legislative effort was at the forefront and included bills to: transform state enterprises into autonomous corporations and commercial companies, and set up a legal framework for creation of private enterprises; privatise commercial companies with state capital, the land fund (agricultural land) and the housing fund (previously in state ownership); liberalise prices and foreign trade; introduce an institutional framework and operation of the monetary and currency market (convertibility of the national currency, the Leu); put into place a legal and institutional framework to stimulate foreign investment; and sign the European Agreement, as a first step before joining the European Union.

Disturbances by the miners in September 1991 led to the resignation of the existing government and formation of a new one in December 1992.

Recent Reforms and Trends

Romania is undergoing a process of profound change. The country's objectives, like those of other central and eastern European Countries, include transformation of state institutions in line with democratic principles and transition to a market economy. Since the December 1989 revolution, the main characteristic of change in public management has been the move away from excessive central control towards the separation of state powers and decentralisation at the local level.

In 1993, the Parliament approved the Strategy for Governance, which deals with reforming main state and administrative institutions and supporting the development of a civil society.

Privatisation, micro-economic restructuring and policies of macro-economic stabilisation have been the top priorities of the government and the Council for Reform. Approximately 50 per cent of the state-owned real estate properties have been sold to private owners, and land properties are being distributed to private farmers at a rapid pace. By the end of 1992, the distribution of certificates of ownership equalling 30 per cent of the capital of each Romanian enterprise was completed.

Recent reforms have included: the creation of several administrative bodies for specialised supervision of the use of public funds and of commercial activity; the establishment of the Legislative Council (see section 3.2), Public Prosecutor's Office (see section 2.4) and Court of Audit (see section 5.1); and the introduction of a public procurement system following the Parliament's approval in 1994 of the government's Public Procurement Decree.

The Administrative Reform Unit in the Directorate for Social Development and Administrative Reform of the Council for Co-ordination, Strategy and Economic Reform (see sections 4.1 and 4.1.6) is responsible for public administration reform in liaison with other government institutions.

1. THE STATE

1.1 Nature of the State

Romania is a unitary state with a republican form of government (the Constitution, Article 2).

1.2 Constitutional Base

The Romanian Constitution was adopted by Parliament on 21 November 1991 and came into force by a nationwide referendum on 8 December of that year.

The Constitution embodies the principle of separation of powers as the foundation for the state. The Parliament of Romania has two chambers -- the Chamber of Deputies and the Senate. The President of Romania is the head of state and the supreme commander of the armed forces. The government, as executive authority, implements the domestic and foreign policy of the country and has general control of the public administration. Justice is a matter for the courts: the public prosecution service is responsible through the court system for representing the general interests of society and protecting the rights and liberties of citizens. Analysing its main public institutions -- Parliament, the President, the government and the courts -- and the way they operate, their powers and inter-relationships, Romania may be described as a semi-presidential republic with many elements specific to parliamentary republics.

The new Constitution gives Parliament a central place in the system of state authorities. It has power in exceptional circumstances to dismiss or suspend the President and has substantial powers to supervise the activity of the executive.

Some new institutions were introduced by the new Constitution to back up the democratic functioning of the state, including the Court of Audit (see section 5.1), the Constitutional Court (see section 2.2.1), the Ombudsman (People's Advocate, see section 5.2), the Legislative Council (see section 3.2), the Higher Council of the Judiciary (see section 2.3), and the Public Prosecutor (see section 2.4). Some of these bodies have not yet been created or are not yet operational.

1.3 Head of State

The President of Romania (here after referred to as "the President") is the head of state. He guarantees national independence, and the unity and territorial integrity of the country. He ensures respect for the Constitution, the satisfactory functioning of the public authorities, and mediates between public authorities, the state and society.

The President is elected by direct universal suffrage for a four-year term. The candidate who obtains an absolute majority on the first ballot is designated President. In the event that no candidate obtains an absolute majority on the first ballot, a second ballot is organised between the two candidates with the most votes. The President is the candidate who then obtains an absolute majority of votes. The President may only serve two terms, which may be consecutive. The minimum age to be a candidate for the presidency is 35 years old.

The law enables legislative and presidential elections to be held separately or simultaneously.

The President designates a candidate for the post of Prime Minister and, after a vote of confidence by Parliament, appoints the government. In the event of a government re-organisation he may, on the proposal of the Prime Minister, dismiss and replace members of the government.

Under the Constitution, the President represents the state in foreign relations. He concludes international treaties on behalf of Romania (after being negotiated by the government) and submits them to Parliament for ratification. On proposal of the government, the President appoints and recalls the diplomatic representatives of Romania and approves the establishment, closure or change in status of embassies and consulates abroad.

The President may consult the government on urgent or serious problems. He may take part in government meetings to discuss problems of national interest concerning foreign affairs, defence or public order. In such cases, he chairs the meetings.

In the exercise of his duties, the President may issue decrees, which must first be signed by the Prime Minister. The President may make official statements to Parliament on major national policy issues to ensure that public authorities act properly.

He promulgates by decree legislation adopted by Parliament or may, where appropriate, send it back for a second reading or transmit it to the Constitutional Court for a ruling on its constitutionality.

As mediator between the legislature and society, the President may, after consulting Parliament, call a referendum on issues of national interest.

He may dissolve Parliament, after consulting the presidents of the two chambers and the heads of the parliamentary groups, where, sixty days after the rejection of two proposals for investiture, Parliament has still not given a vote of confidence to the formation of the government.

The President is the commander of the armed forces and the chairman of the Supreme Defence Council. He may, with parliamentary approval, declare general or partial mobilisation, take defensive measures in the event of armed invasion, declare a state of siege or state of emergency and grant pardons in individual cases.

The President appoints court judges on the proposal of the Higher Council of the Judiciary (see sections 2.2 and 2.3).

The President benefits from immunity. The two chambers of Parliament, meeting in joint session, may indict the President for high treason. Final judgment is pronounced by the Supreme Court of Justice. After final judgment the President must resign. The President may also be suspended from his duties by Parliament -- after consulting the Constitutional Court -- for constitutional violation. If a proposal for suspension is approved, a referendum is organised within thirty days to decide whether or not the President should resign.

Where the President is temporarily or definitively unable to act, his duties are assumed by the President of the Senate or the Chamber of Deputies, in that order. Where the office of President is vacant, an interim President performs the duties until the election of a new President. Such an election must take place within three months.

The President is assisted in the performance of his duties by the Office of the Presidency, consisting of the departments of Interior Policy; Foreign Affairs; Defense and National Security;

Economic Strategy and Reform; Sciences, Education and Culture; Juridical Legislation and Presidential Bills; Cabinet and Mass Media; and Relations with Revolutionary Organisations.

2. JUDICIAL AUTHORITY

2.1 Legal System

The Romanian legal system is a system of written law. In general, each branch of the law has its own code: the Civil Code; the Code of Civil Procedure; the Penal Code; the Code of Criminal Procedure; the Commercial Code; the Family Code; and the Labour Code. Most of the laws were codified in the second half of the nineteenth century and some codes dating from that period are still partly in force, although recent legislation has repealed certain provisions. There is no code or any special legislation dealing with administrative law.

The change of regime has entailed new regulations and the harmonisation of legislation with the new democratic Constitution. To harmonize, unify and co-ordinate legislation as a whole, the Constitution provided for the establishment of the Legislative Council (see section 3.2) to give its opinion on proposed legislation.

Romania has the following categories of normative instruments:

- laws and decrees adopted by Parliament: laws may be constitutional, organic or ordinary; decrees are primarily concerned with Parliament's own internal organisation;
- decrees and orders adopted by the government: decrees are adopted to ensure enforcement of legislation and may be normative or individual in character; orders may be adopted by the government where Parliament has delegated its legislative authority for a specified period in a specific field under a special enabling act. Orders are exceptional in nature and are adopted in areas not governed by organic laws. Orders may be subject to debate in Parliament where the enabling act so provides;
- decisions of the Prime Minister;
- orders and instructions of ministers: orders are normally individual in character but may also be normative; instructions are always normative;
- decisions of local councils and orders of mayors for public administration: decisions and orders are normative instruments (prefects may also issue orders); and
- orders of public services of ministries operating in counties (*judet*): orders are normative instruments of the permanent delegation of the County Council.

In accordance with the above-mentioned hierarchy, no normative instrument of a subordinate body may contain provisions contrary to normative instruments of a higher body.

2.2 Court Structure

2.2.1 Constitutional Court

The Constitutional Court is a new institution whose role is to reinforce equilibrium among the organs of power and to review their decisions. Its primary function is to verify that legislation conforms with the Constitution. It may decide on the question of constitutionality before a law is promulgated, where the matter is brought before it by the President of the Republic; the Senate or Chamber of Deputies; the government; the Supreme Court of Justice; at least 25 senators or 50 deputies; or where the Supreme Court acts *ex officio*. The Constitutional Court also rules on the constitutionality of laws or decrees brought before it by the courts. It ensures that procedures for the election of the President of Romania or for referenda are complied with and makes decisions on disputes concerning the constitutionality of political parties.

The Court consists of nine judges appointed for nine years: three by the Senate; three by the Chamber of Deputies; and three by the President of Romania. Judges may not serve in any other public or private office, except that of professor in higher education. In July 1992 the first nine judges of the Constitutional Court were elected for terms of office of three, six and nine years.

2.2.2 Ordinary Courts

Under the Constitution, justice is rendered by the Supreme Court of Justice and other courts.

The following courts exist in Romania:

- the Supreme Court of Justice;
- courts of appeal;
- county courts and the Court of the Municipality of Bucharest; and
- courts of first instance (*judecatoriile*).

The organisation and operation of the Supreme Court of Justice and of the military courts are currently being regulated by law. The Supreme Court has four sections: civil; criminal; military; and administrative disputes. The courts of appeal (courts of third instance) have jurisdiction over from two to five counties.

County courts and the Court of the Municipality of Bucharest (courts of second instance) number forty (one in each county and one for the Municipality of Bucharest).

Courts of first instance (*judicatoria*) exist in each county and in the Municipality of Bucharest. In each county there are from three to six courts of first instance; in the Municipality of Bucharest and the Ilfov agricultural sector there are eight. The law also defines the territorial jurisdiction of each court.

In general, material jurisdiction over disputes lies with the courts of first instance. Appeals against their decisions are heard by the county courts or the Court of the Municipality of Bucharest, as courts of second instance.

In areas governed by special legislation, jurisdiction lies with the county courts or the Court of the Bucharest Municipality. Appeals are heard by the Supreme Court of Justice.

Under Act No. 29/1990 on Administrative Disputes, the first instance is the county court or the Court of the Municipality of Bucharest. Appeals are heard by the Administrative Disputes Chamber of the

Supreme Court of Justice. The act provides for the organisation of special administrative disputes sections in the county courts and the Court of the Municipality of Bucharest.

The aforementioned act makes available to natural and legal persons an effective instrument of legal action against any improper conduct by administrative authorities. Before going to court, the person whose rights are prejudiced must first request the responsible authority to compensate for damage suffered of its own accord. If he is not satisfied with the way the request is handled, he may then bring legal action.

The Supreme Court of Justice reviews all judicial decisions of the courts (at first, second and third instance) and hears extraordinary appeals. The manner in which the Supreme Court of Justice operates and reaches its decisions, however, was amended following the Administration of Justice Act, which entered into force on 1 July 1993.

Judges are independent and subject only to the law. They are appointed by the President of the Republic on the proposal of the Higher Council of the Judiciary (see section 2.3). Judges may not hold any other public or private office except in higher education.

2.3 Higher Council of the Judiciary

The status of judicial officer (*magistrat*) is accorded throughout their tenure in office to: all judges in all courts; public prosecutors working for the courts; and assistant judges in the Supreme Court of Justice or Ministry of Justice, their deputies and the ministry's legal training personnel.

The Higher Council of the Judiciary has fifteen members. They are officers elected for four years by the two chambers of Parliament meeting in joint session. The members of the council are selected from among the judges of the Supreme Court of Justice, public prosecutors, and judges and prosecutors from the Court of Appeal of Bucharest.

The Higher Council of the Judiciary:

- proposes judges and public prosecutors for appointment by the President of the Republic;
- decides on promotion, transfer, suspension and dismissal of judges;
- examines judges or prosecutors required to take capability examinations;
- deals with disciplinary matters affecting judges; and
- on the request of the Ministry of Justice gives its opinion on problems affecting the administration of justice.

2.4 Public Prosecutor

Conforming with the Constitution, the Public Prosecutor's Office was set up in March 1993. The Public Prosecutor represents the general interests of society and defends both the legal order and the rights and liberties of citizens. These duties are exercised by public prosecutors attached to each court under the authority of the Ministry of Justice. The Director of Public Prosecutions oversees the public prosecutors attached to the Supreme Court of Justice and supervises the public prosecutors throughout the country.

The work of public prosecutors is governed by principles of legality, impartiality and hierarchical supervision. Public prosecutors may not hold any other public or private office, other than those in higher education. The Public Prosecutor's Office is currently in the course of being set up.

3. *LEGISLATIVE AUTHORITY*

3.1 **Main Bodies**

Parliament is the sole legislative authority of the country. The two chambers, the Chamber of Deputies and the Senate, are equal and elected by universal suffrage. The Chamber of Deputies has 341 deputies and the Senate has 143 senators.

The organisation and operation of each chamber is laid down in its rules of procedure. The activities of the two chambers take place in plenary sessions, jointly or separately, or in joint or separate committees. Plenary sessions are coordinated by the Speaker of Parliament who is elected for the same term of office as the two chambers. Parliament holds two sessions per year. At each session, a permanent bureau is elected as a working body for each chamber responsible for drawing up the agenda of the meeting and for forwarding bills and proposed legislation to the committees. The bureau supervises the administrative service.

Each chamber is organised into parliamentary groups, based on political leanings, and coordinated and represented by a leader. The leaders of the parliamentary groups make proposals regarding the composition of permanent offices and committees in line with the political configuration of each chamber.

The political composition of Parliament reflects the workings of the multi-party system, the results of the September 1992 elections and the political changes which have since taken place (see section 7).

Aside from its legislative power, Parliament has powers *vis-à-vis* other state authorities including rights to:

- suspend the President of the Republic or accuse him of high treason (see section 1.2);
- express its confidence in the programme of the government and in the members of the government;
- provoke the resignation of the government by adopting a motion of censure (see section 4.1.3);
- resolve the nation's major political problems (by a vote of confidence or no confidence of the government), receive official statements from the President of the Republic, discuss adoption of the national public budget, and declare war. (In the event of irreconcilable differences between the two houses regarding legislation the two chambers may meet in plenary session.);
- exercise political control over the authorities, the executive and each member of the government by putting questions to them or setting up committees of enquiry (see section 4.1.3); and

- electing the members of other independent public bodies. In joint session it elects the members of the Higher Council of the Judiciary, the Court of Audit (see section 5.1) and the Supreme Court of Justice; the Senate elects the People's Advocate (see section 5.2); and each chamber in separate session elects one of the members of the Constitutional Court (see section 5.3).

Legislation may be proposed by the government as a government bill, by any member of Parliament in the form of a private bill or by at least 250 000 citizens with the right to vote. Taxation, foreign affairs and the right of pardon are not subject to legislative proposals by citizens. In general, the adoption of legislation requires approval of both houses.

The government or citizens send their proposal to one of the chambers. If one chamber adopts it, the proposal is put before the other chamber. If the second chamber rejects the bill, it is sent back to the chamber which adopted it for a second reading. A second rejection is final.

If one chamber adopts a bill in a form different from that adopted by the other chamber, an attempt is made to reconcile the two versions in a joint committee consisting of seven deputies and seven senators. If no mutually acceptable solution is reached, the bill is discussed by the two chambers in joint session.

Some bills may only be adopted in joint session, such as the annual budget act and the budget amendment act, as well as legislation adopted in different versions by the two chambers.

Constitutional laws are those that amend the Constitution. Organic laws are those that govern areas of activity specifically defined by the Constitution. All other laws are ordinary laws. Organic laws are adopted by an absolute majority of elected deputies and senators. Ordinary laws are adopted by a simple majority. The government may ask for bills to be adopted by an emergency procedure.

The President promulgates by decree legislation adopted by Parliament. Parliament may delegate legislative power to the government by adopting special legislation enabling the government to issue orders in certain areas for a specific period (see section 4.1).

The government is answerable for its action only to Parliament. Members of the government are individually and collectively responsible for the government's acts and decisions. Each chamber of Parliament and the President of Romania may request the opening of criminal proceedings against a member of the government during his term of office.

Parliament may overturn the government by a vote of censure where the latter makes a matter of confidence of a programme, general policy statement or bill.

The Constitution stipulates that the government and other organs of public administration must, for the purposes of parliamentary review, provide any information or documentation requested by parliamentary committees. The review process takes place within permanent committees and through individual questions put to the government, ministers or heads of other central bodies.

Where there is suspicion regarding the conduct of members of the government, Parliament may set up a committee of enquiry. This has already been done.

The responsibility of members of the government and the implementation of possible sanctions is to be regulated by a special law on ministerial responsibility.

3.2 Associated Structures

The Chamber of Deputies and the Senate have their own permanent committees; they may set up special committees or committees of enquiry either separately or jointly. Permanent committees are the working bodies of each chamber and play an important role by examining proposed legislation prior to debate in a plenary session.

The 14 permanent committees of the Chamber of Deputies are:

- Economic Policy, Reform, and Privatisation;
- Budget, Finance and Banks;
- Industries and Services;
- Agriculture, Forestry, Food Industry, and Specific Services;
- Human Rights, Cults, and National Minorities Issues;
- Public Administration, Territorial Planning, and Ecological Balance;
- Labour and Social Protection;
- Health and Family;
- Education, Science, Youth, and Sport;
- Culture, Arts, Mass Information Means;
- Legal Matters, Discipline, and Immunities;
- Defence, Public Order, and National Security;
- Foreign Policy; and
- Investigation of Abuses, Corrupt Practices, and Petitions.

The 14 permanent committees of the Senate are:

- Economy;
- Privatisation;
- Budget and Finance;
- Agriculture, Food Industry, and Forestry;
- Foreign Policy;
- Defence, Public Order, and National Security;
- Human Rights;
- Labour, Social Protection, and the Unemployment Issues;
- Education and Scientific Research;
- Culture, Arts, and Mass Information Means;
- Public Administration, and Territorial Planning;
- Legal Matters, Appointments, Discipline, Immunities, and Validation;
- Investigation of Abuses, and Petitions; and
- Health, Ecology, and Sport.

Special committees may be created to prepare or consider government or private bills. Committees of enquiry (of each chamber or both chambers) have investigative authority and far-reaching powers of enquiry. Committees of conciliation are set up when a bill is adopted in different terms by the two chambers.

The Legislative Council was established in 1993 as a special consultative body of the Parliament. The Constitution provided for the establishment of this body to harmonize, unify and co-ordinate legislation as a whole. The council's main tasks are to review and give its opinion on draft laws, and to keep the official records of the legislative process. The council has three departments: Public Laws, Private Laws,

and Official Records of Regulations. The council's headquarters are located in the Chamber of Deputies building.

3.3 Electoral System

All citizens aged 18 years or over are entitled to vote.

Each Member of the Chamber of Deputies and Senator is elected by equal, secret and direct universal suffrage for a term of four years. Each department (40) and the Municipality of Bucharest are electoral constituencies. Deputies and senators are elected on the basis of lists or as independent candidates, in accordance with the principle of proportional representation.

The number of deputies and senators is fixed by dividing the electorate in each department by 70 000 electors per deputy and 140 000 electors per senator. Each constituency elects at least two deputies and two senators. The minimum age for deputies is 23 years. The minimum age for Senators is 35 years.

National minorities which do not obtain enough votes in elections to be represented in Parliament are entitled to one deputy if, throughout the country, they obtain a number of votes equal to at least five per cent of the votes necessary to elect a deputy. Citizens belonging to national minorities may only be represented by a single organisation.

Lists of candidates are submitted by political parties. Independent candidates may take part in elections if they obtain the signatures of at least 0.5 per cent of the electors in a given constituency.

A special act provides that political parties may receive grants from the state budget for election campaigns. Parties which throughout the country as a whole fail to obtain at least 5 per cent of the valid votes cast are required to repay the grant.

4. EXECUTIVE AUTHORITY

In Romania, there are three administrative levels, consisting of:

- the government and the central governmental machinery;
- ministries and other central governmental agencies; and
- the so-called "decentralised ministerial departments", i.e. territorial units subordinated to the ministries and working under their direct administration.

4.1 Central Government

The government is the central organ of the executive. It controls public administration and implements domestic and foreign policy. It directs and supervises the activities of ministries and other organs of the central and local administration and ensures that the administration complies with the law.

The government consists of the Prime Minister, ministers and other members in accordance with the organic law [Constitution, Article 101(3)]. The present government comprises the Prime Minister, four ministers of state and 16 ministers. The ministers of state co-ordinate activity in a specific field (finance,

foreign affairs and minorities, labour, social protection and trade unions). Each minister of state also has the service of at least ten people. One minister of state is responsible for co-ordinating and defining strategy for the country's economic, social and administrative reforms. He chairs the Council for Co-ordination, Strategy and Economic Reform.

The members of the government may not hold any other public or private office, other than that of deputy or senator.

4.1.1 *Head of Government*

The Prime Minister is the head of government. He directs the action of the government; co-ordinates the activity of its members; and represents the government in its relations with Parliament, the President, the Supreme Court of Justice, political parties and other bodies of national importance. He also represents the government in international relations.

The Prime Minister is designated by the President, after consulting the party with an absolute majority in Parliament. Where there is no such majority, the President consults with the parties represented in Parliament. The person proposed as Prime Minister then asks Parliament for a vote of confidence in his political programme and government team. Members of the government team are voted on individually.

When the post of Prime Minister becomes vacant, the President appoints another member of the government as interim Prime Minister.

During his term of office, the Prime Minister submits reports and statements on the policy of his cabinet to Parliament and organises the work of the government. Meetings of the government and of its Executive Bureau are chaired by the Prime Minister, except when the President is present. The Prime Minister has a right to veto or refuse to sign proposed orders or regulations discussed at such meetings. He countersigns certain decrees of the President. Moreover, he may adopt decisions having individual implications or implications on the internal procedure of the government. He is assisted in his work by a private office, advisers, the General Secretariat of the Government and other bodies (see section 4.1.2).

The Prime Minister has the power to appoint and dismiss the General Secretary of the Government, the director of his private office, his advisers and the secretaries of state.

4.1.2 *Office of the Head of Government / Office of the Government*

The Office of the Prime Minister consists of four departments:

- Department for European Economic Integration;
- Department of Information;
- Supervisory Corps of the Prime Minister; and
- Office for Relations with Trade Unions and the Employers' Organisation.

The office also consists of the Staff Secretariat and the Advisory and Expert Corps.

The Prime Minister directly co-ordinates two special bodies: the National Administration of Material Reserves and the Central State Bureau for Special Problems.

The government is backed up by the General Secretariat of the Government. The General Secretariat of the Government (SGG) plays a key role in the satisfactory functioning of the numerous administrative procedures associated with the government's work. The General Secretary is equivalent to

a minister and attends meetings of the government and the Executive Bureau. Administrative and legal services, each headed by a deputy secretary, are directly subordinate to the government. Among the legislative services, the Legislation Directorate plays an important part in the process of legislative initiative. The lawyers of the directorate each deal with the work of specific ministries.

The Department of Information provides the Prime Minister with press reviews relating specifically to the image of the government in the media and prepares the weekly press conferences of the government spokesman. This is an activity of growing importance as Romania aims to improve its image abroad.

There is also the Office of the Minister for Relations with Parliament. This minister, who has no administrative service of his own, is responsible for relations between the government and Parliament, co-ordination and follow-up of bills laid before Parliament and for responses to questions in collaboration with the government departments concerned.

4.1.3 Central Policy-making / Co-ordinating Bodies

Meetings of the Government

Decisions are taken at meetings of the government. In accordance with the law on its organisation and operation, the government normally meets twice a month but may hold extraordinary meetings at the request of the Prime Minister or a delegated minister of state. In practice, there is usually one meeting per week. Heads of departments, secretaries of state and other persons whose attendance is considered useful may be invited to attend meetings by a decision of the Prime Minister.

Agendas for meetings are approved by the Prime Minister on the proposal of the General Secretariat of the Government. They comprise reports by ministers, draft legislation, orders or government decrees, general policy statements, and sectoral or general strategies. Bills, orders, government decrees and regulations are adopted at these meetings. Deliberations at meetings constitute the final stage of governmental decision-making.

Outside such meetings, decisions may be reached at meetings of the Executive Bureau of the Government. The Bureau consists of the Prime Minister, Ministers of State and the Ministers of Justice, Defence and the Interior.

In some areas inter-ministerial councils play a part in the preliminaries to decision-making (for example, in some areas of economic and central administration reform). Inter-ministerial councils include the secretaries of state and have from 10 to 20 members.

Legislative Initiatives by the Government

The government may present bills or adopt orders, government decrees and regulations in accordance with the law. Each ministry may, in its own field, initiate legislation or government decrees by:

- preparing the statement of grounds explaining why the proposal is desirable;
- drafting the text of the proposal; and
- requesting approval of ministries with responsibilities in the area covered by the proposal.

Approval of the Ministry of Justice and the Ministry of Finance is necessary in all cases. As regulated by the Details of Methodology adopted by the government in July 1992, the process of approving a proposal is as follows:

- the initiating ministry forwards a copy of the instrument it is proposing to all ministries. The ministries have five days to submit their observations, which are then the subject of consultations between the initiating ministry and the other ministries; and
- the proposal is then forwarded to the General Secretariat of the Government (Legal Directorate) and the Legislative Council (see section 3.2) which gives its approval from a legal standpoint (on form and substance) of the content of the proposal (it must be indicated at the end of the proposal that it has been approved by the other ministries).

From the time the proposal is submitted to the General Secretariat of the Government to its discussion at the government meeting, seven days have elapsed. Proposals which do not meet the above conditions will not be included on the agenda.

- The General Secretary of the Government prepares the draft agenda and submits it for approval to the Prime Minister on the Monday before the government meeting.
- The agenda, including proposed legislation, is submitted to ministers 48 hours before the meeting.

Proposals are adopted by simple majority and must in all cases have the approval of the Prime Minister. The head of government thus has a right of veto and can never be out-voted. In practice, votes are rarely taken at government meetings. Proposals for legislation are adopted by consensus among the members of the cabinet and any objections are discussed with the initiating ministry.

- After the meeting, the Legal Directorate reviews the proposals once again, ensures they are properly drafted and takes account of amendments or observations formulated and agreed to at the meeting.
- Orders, government decrees and regulations are published in the *Monitorul Oficial* and are enforceable from the date of publication or from a date specified in the instrument.
- Bills are submitted to one of the chambers of Parliament, normally to the one with less business before it.

The government may request that bills considered to be urgent and extremely important be debated via an "emergency procedure".

4.1.4 Consultative/Advisory Bodies

In some areas the government reaches decisions after first consulting non-governmental bodies representing the interests of specific groups of citizens. For example, in negotiating collective wage agreements the government acts as mediator between the trade unions and the employers through the Joint Government-Unions Commission. The negotiating procedure takes place in three stages: firstly, collective labour agreements are negotiated at enterprise level between the trade union and management; secondly, negotiations take place at branch level between the Trade Union Federation and the Employers' Organisation for the branch; and thirdly, there are national negotiations between national trade union

confederations and the employers with the Joint Government-Unions Commission acting as mediator on behalf of the state.

In December 1991 the National Indexing Commission was set up comprising representatives of unions, employers and the government. This body has been consulted in efforts to reach a consensus on wage policy. The Commission first fixed minimum wages at the national level and the indexing coefficient for salaries, pensions and other transfer income. All government orders concerning indexation of income were discussed at meetings of the Commission.

There is also an advisory commission for minorities, composed of minority representatives and certain ministerial bodies.

In practice other inter-ministerial committees operate with advisory and implementing functions (for example, committees for association with the European Communities and relations with the Republic of Moldova).

4.1.5 Central Management Bodies

Financial Resources Management

In Romania, the National Public Budget represents around 30 per cent of the country's GDP. A problem inherited from the Communist system is that the Central Budget receives 90 per cent of all taxes and duties collected, part of which is then transferred to local budgets. In 1992 transfers accounted for 80 per cent of local revenue. The state budget year is the calendar year.

Budgetary reform involves major efforts at decentralisation. The Act on Local Public Administration and the act on Local Taxes and Duties gives local authorities power to levy taxes and duties in accordance with the law.

The government, via the Ministry of Finance, is responsible for financial policy. At the central level, taxes and duties are set by law. However, all regulations altering state revenue and expenditure must be adopted in agreement with the Ministry of Finance.

Tax policy is currently undergoing far-reaching reforms. A Value-Added-Tax (VAT) was introduced in 1993. Other reforms include:

- amending profit tax and customs duties;
- reducing the number of tax rates to facilitate calculation and increase transparency;
- amending income taxes; and
- introducing a new cash management system for collection of public funds.

The budgetary process is governed by the Public Finance Act. Each year the government submits this act to Parliament for approval. In practice Parliament adopts supplementary finance acts in each quarter.

The state budget is prepared and implemented as follows:

- Parliament, as the supreme decision-making body, establishes and adopts taxes, duties and other state revenue, and rules governing expenditure by public bodies. It considers and adopts the Central State Administration Budget, the Social Insurance Budget and the Annual General Budget Implementation Account;

- the government prepares the draft State Budget, the draft Social Insurance Budget and the Closing Accounts for the Financial Year and submits them to Parliament for approval. Once they are approved the government is responsible for their implementation. At regular intervals the government reviews the country's economic and financial situation and progress with implementation of the National Budget and takes steps to improve budgetary equilibrium;
- the Ministry of Finance is responsible for preparing and implementing the Central State Administration Budget. It prepares rules for preparation of the budget and receives budget proposals from each ministry. The Treasury Directorate manages budget shortfalls and deficits. Deficits may be reduced by issuing treasury bonds or by borrowing;
- ministries are responsible for budget chapters relating to their specific areas; and
- public corporations and commercial companies with state capital draw up and request approval of their budgets by the Ministry of Finance.

Local budgets (for counties, towns and communes) are parts of the State Budget and are:

- regulated by the Finance Act, the Local Administration Act and the Local Taxes and Duties Act;
- prepared by the permanent delegation (at county level) or by the mayor (at town or commune level);
- approved by the county or local council;
- implemented by the permanent delegation or the mayor; and
- submitted to the county or local council for approval.

Human Resources Management

Reform of the human resource management system is only just beginning. A bill on service conditions for civil servants has been submitted to Parliament. Thus, there are no special rules applicable to civil servants and there is no one body which deals with problems of human resource management. Management of human resources is highly decentralised. Each ministry, agency, department or council hires staff in accordance with the law (the Labour Code or the Government Order on Staff Recruitment by Open Competition). The system is based on qualifications rather than performance. The Law on Service Conditions of Civil Servants provides for the introduction of a career system.

Management of the Regulatory Process

The General Secretariat of the Government is responsible for regulatory matters and the Legal Directorate acts as legal adviser to the government in preparing legislation and regulations.

Management of Information Technology

The National Commission for Informatics co-ordinates policy on the use of information technologies in the central and local administration. It is answerable to the General Secretariat of the Government.

Specialised Supervision of Public Administration

The existence of a large number of specialised review bodies for public administration is specific to Romania.

- The Government Review Department, set up in 1991 and directly responsible to the Prime Minister, it has review and supervisory functions in the areas of; budget appropriations, external balance-of-payments; use of government or government-guaranteed grants and loans; public indebtedness; protection of state property; government procurement; surveillance measures within ministries; and investigation of complaints made to the Prime Minister or the government concerning irregularities in the work of central and local administration and of public establishments.
- The State Financial Control Division and the Financial Police, established by law, are answerable to the Ministry of Finance. The State Financial Control Division checks and verifies: management and use of central budget funds allocated to central and local bodies of the public administration and to institutions financed from the budget; investment funds; and operations of commercial companies or other economic agents as regards fulfilment of their financial and tax obligations towards the state. The Financial Police are a military financial control body -- not stationed in barracks -- answerable to the Ministry of Finance. They check the enforcement of tax legislation and customs regulations and are charged with preventing tax evasion and smuggling, and ensuring compliance with commercial standards.
- The Commercial Control Corps, organised at county level, forms part of the prefectures and supervises business activity and service provision.

4.1.6 Line Ministries

The central public administration consists of ministries and other specialised bodies under the responsibility of the government, ministries or autonomous administrative authorities. Ministries are all answerable to the government.

The head of each ministry is a minister. He is responsible for applying government policy in his particular field. The minister runs the ministry and subordinate bodies in accordance with the law and government orders. This means that the minister is empowered to take all steps necessary to implement government policy and is answerable to the government for the way he manages the ministry.

The minister is assisted in his work by secretaries and under-secretaries of state. In general, the minister has from one to five advisers. There is no clear distinction between political and non-political functions. In the governments since the 1989 Revolution, some ministers have been without political party affiliations.

Ministries are organised on a hierarchical basis. Internal supervision is the responsibility of officials working within the ministry. The general internal control structure corresponds to the hierarchy within each agency of public administration. Specialised supervision, for example preventive checks and internal financial control, is exercised by officials or divisions who are not answerable to the individuals or divisions under investigation. External control is exercised by specialised bodies (see section 4.1.5).

In the performance of his duties, the minister may issue orders for the application of legislation and government decrees. He allocates credits, represents the ministry in Parliament and elsewhere, and has a voting right in government deliberations.

The organisation and operation of a ministry are established by law or government decree. The only ministries organised by law are the Ministry of the Interior, the Ministry of Defence, and the Romanian Intelligence Service. Their structure may be changed only by law. The other ministries are organised by government decree and their structure may be changed by the government. The Court of Audit must give its approval for the creation of a new agency of the central administration.

The 19 ministries include:

- Finance;
- Foreign Affairs;
- Labour and Social Protection;
- Industry;
- Agriculture and the Food Industry;
- Trade;
- Tourism;
- Transport;
- Communications;
- Public Works and Territorial Planning;
- Education;
- Health;
- Culture;
- Water, Forests and Environment;
- Research and Technology;
- Youth and Sports;
- Interior;
- Defence; and
- Justice.

The first action of the government (formed in December 1992) in this area was a provisional re-organisation of the ministries. This demonstrated the government's determination to improve, within a few months, the efficiency of ministries. Two months later, the government adopted a short-term programme to improve the public administration, the main features of which were the re-organisation of the central administration, the creation of a coherent civil service system and the adoption of measures to make the budget more effective as a policy instrument.

Most ministries have established a department or directorate to define priorities, provide input to the government programme and monitor programme implementation. Each ministry has appointed a team responsible for applying the programme for improving public administration. These teams are in direct contact with the Directorate for Social Development and Administrative Reform and the Council for Co-ordination, Strategy and Economic Reform. Together, they form a network coordinated from the centre.

4.1.7 Other Bodies

National Agency for Privatisation

The creation of this body was provided for by the Act on the Transformation of State Enterprises into Commercial Companies and Autonomous Corporations. It is responsible for preparing, organising and co-ordinating the process of privatisation. In accordance with the Act on the Privatisation of Commercial Companies, this agency will transfer its powers to the following bodies:

- five Private Ownership Funds which will hold 30 per cent of the shares of commercial companies with state capital. They will manage assets on behalf of Romanian citizens who have received ownership vouchers on the “mass privatisation” model; and
- a State Ownership Fund to manage the remaining 70 per cent of the capital of commercial companies to be privatised. The act requires this fund to privatise at least 10 per cent of its assets in each year.

The Parliament controls these funds.

Romanian Development Agency

The Romanian Development Agency, set up by government decree in 1991, has the following functions:

- co-ordinate foreign economic assistance;
- direct external capital resources to restructure priority sectors of the national economy;
- co-ordinate policy in the field of foreign investment with the internal reform process;
- provide the legal and institutional framework and the infrastructure necessary to attract foreign capital to Romania;
- promote Romanian investment opportunities abroad; and
- help Romanian and foreign economic agents in investment projects with foreign participation.

Department for Local Public Administration

In October 1991, a government decree authorised the establishment of the Department for Local Public Administration. This body provides general supervision of local public administration with a view to:

- analyse how local public administrative bodies perform their duties;
- support and monitor the activity of local public administrative bodies in applying the Government Reform Programme;
- undertake studies, submit conclusions and make proposals to the government for improvements in this area;
- make proposals to the government for appointment or dismissal of prefects and secretaries of district councils or the Municipality of Bucharest;
- process applications, proposals and complaints brought before the county.

Romanian Restructuring Agency

The Romanian Restructuring Agency, was set up in December 1994 under the authority of the Council for Co-ordination, Strategy and Economic Reform. It co-ordinates the restructuring process of

commercial companies and develops the restructuring programmes. The commercial companies are selected for restructuring, according to specific criteria, by the Council for Co-ordination, Strategy and Economic Reform and the State Ownership Fund.

Office for Consumers Protection

The Office was created in 1992, following the re-organisation of the State Office for Quality. The Office for Consumers Protection is a specialised central body subordinated to the government. Its main task is to implement governmental strategies and policies related to the rights, safety and interests of Romanian consumers. This includes:

- market inspection of goods and services;
- provision of information and advice to consumers; and
- support of non-governmental consumers associations.

4.1.8 Central Representation at Local Level

In each county and in the Municipality of Bucharest the government appoints a prefect to represent the central authorities. The prefect is in charge of the local offices of ministries and other agencies of central administration. As representative of the government, the prefect ensures that local and county councils and mayors perform their duties in accordance with the law. There are no hierarchical relationships between prefects and local councils.

Prefects have a number of functions concerned with reviewing the legality of administrative decisions of public and county authorities and ensuring compliance with the law and with public order. To ensure respect for the law, the prefect may challenge decisions of local and county authorities, except those concerning day-to-day management, before the administrative courts.

In the performance of his duties the prefect may issue orders of a technical or sectoral nature. Orders of the prefect are countersigned by the heads of sectoral bodies and services subordinate to him.

The prefect submits an annual report to the government on the general, economic, social, cultural and administrative state of the county. He also submits to the County Council or to the Council of the Municipality of Bucharest a record of the activity of the public services of ministries and other agencies of central administration in the county or Municipality of Bucharest.

In each county and in the Municipality of Bucharest an administrative commission is set up within prefectures consisting of the prefect, the Chairman of the County Council, the mayor and heads of local offices of ministries. It prepares an annual programme of the main works and activities of the county. The commission assists the local services of ministries and of the county public administration.

4.2 Subnational Government

4.2.1 Regional Government

There are no regional government bodies in Romania.

4.2.2 Local Public Administration

There are two levels of local public administration -- the county level and the town or commune level.

Following the 1989 Revolution, new democratic principles based on the rule of law were applied to local public administration. Apart from the Constitution, the most important legislation in this field is the Local Public Administration Act. This act established the principles of local autonomy, decentralisation of public services, election of public local authorities and consultation of citizens on problems of special local interest as the basis for local government.

Communes, towns and counties are the territorial administrative units. They have a legal personality, their own property and the right of initiative in all matters affecting the administration of local public interests. Some towns may be declared municipalities and may themselves have territorial administrative sub-divisions.

Local administrative autonomy in the communes and towns is realised through the local councils as deliberative bodies and the mayors as executive authorities. The councils of communes and towns are composed of elected councillors. The number of members of each local council is determined by the population of the commune or town and may vary from 11 to 33 members. The Municipality of Bucharest has 75 councillors.

Local councillors and mayors are elected by equal, direct and secret universal suffrage. County councils are elected by indirect suffrage. Councils and mayors are elected for four-year terms. Local and county councils are elected by electoral constituencies on a list basis. The mayors of communes and towns are elected by electoral constituencies on an individual basis. Candidates for local and county councils and for the office of mayor may be put forward by political parties or be independent. All citizens over 23 years of age are eligible.

The local council has an initiating and decision-making function in all matters of local interest. Its main functions are to: elect the deputy mayor; adopt the communal or municipal regulations and the rules of procedure of the council, in accordance with the regulatory framework drawn up by the government; approve the local budget; establish local taxes and duties as prescribed by law; administer public and private property of the commune or the town; and ensure satisfactory operation of local administrative services, transport, construction, educational and health establishments.

The local council may adopt decisions. The council secretary is a public official and must have a university degree in law or administration. Appointed by the prefect, the secretary attends meetings of the local council, prepares documents to be debated, and checks draft decisions of the local council.

For the duration of its term of office the council may form committees from among its members to deal with specific areas.

The mayor (the Municipality of Bucharest also has an elected general mayor) is the head of the local public administration and answers to the local council. The most important functions of the mayor are to: ensure respect for the basic rights and liberties of citizens; ensure compliance with the Constitution, laws of the country, decrees of the President of Romania, orders of the government, decisions of ministers and decisions of the local and departmental councils; authorise appropriations; maintain public order; and engage or dismiss public service personnel.

The mayor represents the commune or town in its relations with other individuals or legal entities and in legal proceedings. In the performance of his duties, the mayor may issue orders.

In the counties the public administrative authority is the County Council. The Council's main function is to co-ordinate the activity of local councils in implementing public services of county interest and organising and directing county public services. The County Council has from 37 to 45 councillors, depending on the population of the county. In the performance of its duties, the County Council may adopt decisions.

As a permanent working body, the County Council elects a permanent delegation responsible for running the public administration of the county and enforcing its decisions. In the performance of its duties, the permanent delegation may issue orders. The Chairman of the County Council oversees county public administration and is responsible for its satisfactory operation.

The Department for Local Public Administration appoints a secretary to assist the County Council. He must be a public servant with a university degree in law or administration.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

The Court of Audit is an independent state institution charged with surveillance of the formation, management and use of the financial resources of the state and the public sector. It submits an annual report to Parliament on the result of the National Public Budget and on any anomalies or abuses. The Court of Audit also has administrative responsibilities. It must be consulted prior to the creation of new agencies subordinate to ministries or to the government.

Each chamber of Parliament may request the Court of Audit to open an investigation or carry out an audit on specific aspects of the financial operations of the state or other public entities. The jurisdictional competence of the court is specified by law.

The Parliament elects the Court of Audit's members, who are independent and may not be removed from office.

5.2 Ombudsman

The People's Advocate (*Avocatul poporului*) is a new institution in Romania, designed to support the democratisation of society and respect for human rights. A People's Advocate has not yet been appointed. The Constitution defines the institution's duties, but Parliament has yet to adopt the necessary legislation to appoint someone to fill the position.

The People's Advocate will ensure respect for the rights and liberties of citizens. He will act either *ex officio* or in response to individual complaints. He will be elected by the Senate for a term of four years.

The Constitution requires public authorities to give the People's Advocate all necessary assistance in the performance of his duties. One such duty will be to submit a report annually or on request to Parliament recommending legislative or other measures to ensure respect for citizen rights and liberties.

6. DELIVERY SYSTEM

The education, health and social welfare areas of Romania's public service delivery system are being transformed. The legal frameworks for these areas are defined to different degrees, depending on the area. The relevant institutions are not yet completely established in all areas.

6.1 Education

The current educational system was established by the Law on Education (1978). A new draft law, which aims to construct a new system that is more comprehensive, flexible and coherent, is being considered in the Parliament.

The current system comprises kindergartens; primary and secondary schools; vocational schools, high schools and universities. The State ensures that education is provided free of charge at all these levels to everyone living in Romania who has a right to education under the Constitution. The supervising offices for education in each county are responsible for the maintenance of schools, using the local budget and finances provided by the state budget. Children begin school at age six or seven (parents' choice) and school is compulsory until age 16.

The Ministry of Education is responsible for co-ordinating, monitoring and controlling the overall educational system. The curricula and the examination procedures are established by the ministry, in collaboration with the line ministries, to ensure a unified educational system.

The state universities and other higher education institutions enjoy comprehensive autonomy since 1989. The new private university system that has been developing since 1990 operates without the authorisation of the Ministry of Education and, hence, their degrees are not legally recognised by the state.

6.2 Health

The existing health care system is also undergoing modernisation. Health care services are provided free of charge to everyone living in Romania who has the right to such services under the Constitution. The majority of health clinics and hospitals belong to the state, but a private health care system is developing.

In 1993, the Health Insurance National Fund was set up as an independent agency. It is responsible for securing, through established public procurement procedures, the main health care services provided by the state; negotiating with the ministries of Finance and Labour and Social Protection the health care funds that are included in the draft state budget and submitted for Parliament's approval; and allocating the appropriate amount of state health care funds to the counties.

The municipalities are responsible for maintaining hospital services for the inhabitants of their territory, using the local budget and support provided by the state budget.

6.3 Social Welfare

The Constitution declares that Romania is a "social state" in which one of the state's main duties is to guarantee the social protection of different categories of the population according to their rights and

needs. The government is responsible for social protection policy. This policy is developed in correlation with economic policy and in a dialogue with social partners.

The Ministry of Labour and Social Protection was created in 1990 to deal with the new social welfare problems such as unemployment pensions (old age and disability), rehabilitation assistance, maternity leave and grants. The new legal framework for social assistance and relevant institutions is not yet fully established. Parliament is reconsidering a draft Social Assistance Law, and has enacted laws covering pensions and social support for the handicapped and unemployed.

Social protection measures are implemented using the Social Insurance Budget. The municipalities are responsible for some local social protection measures, which are financed by local budgets.

7. STATISTICS

Head of State: Ion ILIESCU

Prime Minister: Nicolae VĂCĂROIU (Party of Social Democracy)

Party Representation in Parliament (as of 1 January 1995):

	Chamber of Deputies		Senate	
	Percentage (to the nearest tenth)	Seats	Percentage (to the nearest tenth)	Seats
Social Democracy Party of Romania (formerly National Democratic Salvation Front)	34.0	116	33.6	48
National Peasant Christian Democratic Party	11.2	38	14.0	20
Romanian Social Democratic Party	3.0	10	0.7	1
Democratic Party (formerly National Salvation Front)	12.4	42	11.2	16
Romanian National Unity Party	8.5	29	8.4	12
Hungarian Democratic Union of Romania	7.9	27	8.4	12
Greater Romania Party	4.4	15	2.8	4
Socialist Labour Party	2.9	10	2.8	4
Liberal Party 1993	2.9	10	0.7	1
National Liberal Party - Democratic Convention	0.3	1	0.0	0
Civic Alliance Party	1.2	4	3.5	5
Romanian Ecologist Party	1.2	4	0.0	0
Agrarian Democratic Party of Romania	0.0	0	3.5	5
Representatives of National Minorities	3.8	13	0.0	0
Declared as Independents	6.3	22	10.5	15
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Total	100	341	100	143

Some Important Data from the 1995 Romanian Budget
(thousands of Leis¹)

Expenditure of the Main State Bodies:

Ministry of Justice	229 352 157
Ministry of Research and Technology	2 367 210 193
Ministry of Health	1 598 441 400
Ministry of Labour and Social Protection	701 230 408
Ministry of Culture	90 010 464
Ministry of Youth and Sport	44 589 000
Ministry of Industry	1 434 996 043
Ministry of Agriculture and Food	1 559 076 500
Ministry of Trade and Tourism	21 636 500
Ministry of Transports	5 441 900
Ministry of Public Works and Territorial Planning	182 755 200
Ministry of Communications	10 354 927
Ministry of Water, Forests and Environment	150 896 600
Ministry of Defence	2 069 039 134
Ministry of the Interior	1 036 589 778
Ministry of Foreign Affairs	89 695 300
Ministry for the Economy and Finance	229 199 900

Total	12 896 924 551

¹ On 1 January 1995, the exchange rates were: 1 US\$ = 1 767 Leis
(Sources: IMF and Eurostat) 1 ECU = 1 436 Leis

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***PUBLIC MANAGEMENT PROFILE
SLOVAK REPUBLIC***

(as of 1 January 1995)

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Main Characteristics

The Slovak Republic was established as an independent, sovereign state on 1 January 1993.

Between 1918 and 1993, the Slovak lands were part of the Czechoslovak Republic. During the inter-war period, Czechoslovakia was among the few central and eastern European countries with a democratic parliamentary system and a Constitution.

The communist regime was established in Czechoslovakia in 1948. Decentralisation of the unitary state and democratisation of relations between the Czechs and Slovaks were some of the most important outcomes of the 1968 "Prague Spring". In 1968, the unitary state was transformed into a federation of two states, the Slovak Socialist Republic and the Czech Socialist Republic.

The invasion of the Warsaw troops precluded further democratic development in the country until the "Velvet Revolution" of 1989, which resulted in restoring the traditions of parliamentary republic, limited government, pluralistic system of political parties, and protection of the human rights and freedoms. Changes in the social and political establishment took place in 1989, and the first democratic elections were held in 1990 with the federal and republic bodies elected for a two-year term. The name of the state became the Czech and Slovak Federal Republic, and the Slovak Socialist Republic was renamed the Slovak Republic.

The general election of July 1992 gave the federal and republican bodies a mandate for a term of four years. The Constitution of the Slovak Republic was enacted by the Slovak National Council on 1 September 1992. The Czech and Slovak Federal Republic was dissolved on 31 December 1992 when the Slovak Republic left the federal state on the basis of a mutual agreement with the Czech Republic.

Recent Reforms and Trends

Since the dissolution of the Czech and Slovak Federal Republic, the Slovak Republic has focused on the following activities: transforming a centrally controlled economy into a free market economy; reform of public administration; passing constitutional laws and guarantees of fundamental human rights and freedoms; harmonising the legal system to be consistent with the norms of the European Union; emphasising economic, political, cultural, defensive and humanitarian co-operation with the European Union; and joining the European Union.

The reform process has included the establishment of the Constitutional Court, the Supreme Audit Office and self-government of the municipalities as well as enactment of the new Public Procurement Law and other important laws.

1. THE STATE

1.1 Nature of the State

The Slovak Republic is a unitary state and a parliamentary republic.

1.2 Constitutional Base

The Constitution of the Slovak Republic was enacted by the Parliament (National Council of the Slovak Republic) on 1 September 1992. The Slovak Republic is a parliamentary republic in which the Parliament plays a key role in relation to the executive and legislative branches. The composition of the government reflects the political representation in Parliament. Members of the Parliament are elected for four-year terms by secret ballot in free elections. The government is collectively responsible, and the ministers are individually responsible, to Parliament. Through the President, the government may exercise suspension veto.

Apart from the standard authorities typical in a parliamentary republic, the Slovak constitutional system includes the institutions of the Supreme Audit Office and the Public Prosecutor's Office. Local government authorities exercise independent power under territorial jurisdiction. Referenda may be held in matters of local and national importance. Fundamental rights and freedoms are constitutionally guaranteed and include the right of national minorities and ethnic groups to due process by law.

1.3 Head of State

The President is the head of state of the Slovak Republic. He is elected for a term of five years by a three-fifths majority vote of the Parliament of the Slovak Republic. He appoints and may remove the Prime Minister and on proposal by the Prime Minister, other members of the government. He has the right to preside over or attend all government meetings.

The President signs all laws. He may return constitutional and other laws to the Parliament with his observations up to 15 days after their approbation. He may also initiate proceedings in the Constitutional Court. He may dissolve the Parliament if it rejects the government's programme three times consecutively in a six-month period.

In his capacity as chief of the armed forces, the President may declare war, according to a decision of the Parliament, and proclaim a state of emergency.

The President may declare referenda based on petitions submitted to him by individuals or by Parliament. The President may be prosecuted for treason only. Prosecution by the Parliament is determined by the Constitutional Court of the Slovak Republic. In some cases, the President can be removed from office by a qualified three-fifths majority vote in the Parliament.

2. JUDICIAL AUTHORITY

2.1 Legal System

The legal system, as based on continental tradition, was consolidated in the Slovak Republic in 1990-1992 by the traditions of written Roman law. Roman law was a core course prescribed for all law undergraduates under the Communists. Courses were taught extensively, especially after 1968. All main branches of public and private law underwent changes and reforms and became similar to legal systems applied in democratic European countries. The main sources of law are normative rules of varying legal force, and, in some cases, normative agreements. Judicial and administrative precedents are *de facto* rather than *de jure* sources.

"Legal custom" was not applied under the Communist regime. At present, new codes quote equity and principles of honest commercial activity or merchant habits, all of which open new avenues for the development of legal custom as a source of law.

The Parliament may pass constitutional acts with the consent of three-fifths of its members; all other laws require consent by a majority vote. The acts must be consistent with the Constitution and constitutional law. The government issues decrees and ministries issue regulations under explicit delegation granted by law. Apart from local government authorities -- which may issue ordinances -- no other body has authority to pass laws.

In the system of normative legal rules, the general binding principle prevails. A rule of a lower legal force must be consistent with the rule of a higher legal force. A legal rule can be derogated or abrogated only by another rule provided it has the same or higher legal force. Judicial review over the laws, governmental decrees, regulations issued by ministries and normative legal rules issued by local government authorities, is exercised by the Constitutional Court. An individual may enforce his or her rights under a fixed procedure before an independent and impartial court. The courts also have the power to review the decisions of central and local administrative bodies. In these matters, the decision of the court is final.

2.2 Court Structure

Judicial power is exercised by courts with general and special jurisdiction. The courts of general jurisdiction decide civil and criminal matters, handle disputes under the Commercial Code and review legality of cases decided by administrative and other bodies with delegated powers. The Constitutional Court of the Slovak Republic has special jurisdiction for exercising control over the legality of legislative acts and reviewing all decisions by administrative bodies that violate the fundamental rights and freedoms of individuals if no other court can decide about the protection of their rights and freedoms.

The system of state courts in the Slovak Republic consists of:

- the Supreme Court of the Slovak Republic;
- regional courts (having mainly appellate jurisdiction but having original jurisdiction in some major cases);
- district courts;
- higher military court; and
- military district courts.

Decisions are made by a bench (senate), or by a single judge in certain cases specified by law. Lay judges sit on the bench in courts of the first instance; in higher courts the bench is composed of five professional judges. Judges are independent and decide cases according to the laws and, in special cases, international agreements. Court hearings are public and the person concerned has the right to use his mother tongue. Judges of the Slovak Republic are elected by Parliament for a probationary period of four years. If, after the probationary period, judges are approved by government, they may be re-elected by Parliament for indefinite terms. Professional qualifications for a judge include a law degree, a three-year preparatory judicial internship in a court of justice, and success on examinations prescribed for the judicial profession. Lay judges are elected for four-year terms. Any person charged with a criminal offense is presumed innocent until proven guilty. Accused persons have the right to counsel and may choose their own counsel or request free legal assistance as provided by law.

2.2.1 *Constitutional Court*

The Constitutional Court of the Slovak Republic is an independent judicial body charged with safeguarding the constitutionality of laws, government decrees and other generally binding legal rules consistent with the Constitution and international agreements as transformed into legislation.

The President appoints half of the 20 judges nominated by Parliament for the Constitutional Court. They serve seven-year terms and enjoy the same immunity as parliamentarians. The Constitutional Court decides in jurisdictional disputes between central administrative authorities as well as in disputed decisions of central and local government authorities. In addition, it has a final say in interpreting the Constitution and constitutional laws, and reviews decisions ordering the dissolution or suspension of a political party or political movement (when such orders are not in agreement with constitutional or other laws).

When the Constitutional Court determines a conflict of laws or their unconstitutionality, the laws become fully or partly ineffective. The original legislative authority is then responsible for taking necessary measures to bring the rules into agreement with the Constitution or international instruments. Otherwise, they become invalid within six months after the Constitutional Court awards declaration.

3. *LEGISLATIVE AUTHORITY*

3.1 *Main Bodies*

Under the Constitution of the Slovak Republic, legislative powers are vested in the 150 members of the Parliament. Parliament votes on all laws and is vested with legislative powers. It reviews changes or amendments to existing laws. International agreements require parliamentary accord before ratification as set forth by the Constitution. Qualified or absolute majority rule is applied in voting on Bills and other measures. Here, a quorum is reached with a majority of members present. In matters of constitutional law, however, a three-fifths majority of all members is required.

Highest Executive, Judicial and Other Official Appointments

Thirty days after nomination by the President, the government presents its programme to the Parliament and asks for a vote of confidence. Parliament elects the President, judges of courts of general jurisdiction, the President and Vice-President of the Supreme Court, and the President and Vice-President of the Supreme Audit Office.

Supervision and Control

Parliamentary supervision and control of individual members of government is a significant function through which the programme of governmental policies and activities is debated. The government is responsible to Parliament which may take a vote of no-confidence in the government as a whole, or an individual member. In such cases, the government or the minister is recalled by the President. Should the Prime Minister be recalled, the whole government resigns.

Parliamentarians have the right to question members of government in the Parliament. Answers to questions may lead to further debate or votes in cases where a matter of confidence in a minister is in question. With the emergence of the opposition, powers of control and supervision by Parliament have been greatly expanded as compared to past practices.

3.2 Associated Structures

Parliament is presided over by the Speaker who signs laws, summons parliamentary sessions, announces parliamentary elections, takes the solemn vows of the President and the judges, opens meetings, directs debates and puts forth motions for the agenda. There are three deputy speakers who may act in the Speaker's absence. Together with the Speaker, they organise and conduct the business of Parliament.

Parliament has 11 standing committees:

- Mandate and Immunity;
- Constitutional and Legal;
- Finance, Budget and Currency;
- Land Economy;
- Public Administration, Local Self-government and Nationalities;
- Health and Social Affairs;
- Defence and Security;
- International Affairs;
- Education, Science, Culture and Sport;
- Environment and Nature Protection; and
- Economy, Privatisation and Business.

Debates in committees which function as initiating and supervisory bodies are open to the public. Committee members are Members of Parliament. Procedural matters in parliamentary debates and committees are set forth by the Parliamentary Procedure Act. Members have a constitutional right to legislative initiative. Parliament may appoint an investigative committee from among its own members to clarify circumstances or facts in the interest of the general public. An investigation committee sits *in camera*. The committee is dissolved once the results of investigation are submitted to Parliament and the investigation is closed. Apart from discussing matters in committees, members are organised in political clubs. At least five members are necessary to form a club. The chairpersons of political clubs form the political forum which examines and recommends government policies and parliamentary business.

3.3 Electoral System

The parliamentary electoral system is based on the principle of proportional representation (80/1990 Slovak National Council Election Act). Unlike the former electoral system -- single-candidate

constituencies -- the new system is more democratic because seats are available to minor political parties. Seven political parties are represented in the present Slovak Parliament (see section 7).

Large constituencies, each having more candidates nominated by different political parties, are a typical feature of the electoral system. Parliamentary mandates are distributed among the political parties according to the votes returned. According to law, different political parties or movements may negotiate and submit a common list of candidates.

A political party or movement having at least 10 000 members may submit a list of candidates. In the event that membership is below the required number, a petition must be submitted with a number of signatures equivalent to the missing members. The 10 000 member requirement, or substitution of the missing members by individual signatures, does not apply to those political parties represented in the Parliament 60 days prior to the announcement of the new election date, or political parties which obtained not fewer than 10 000 votes in the last elections.

4. EXECUTIVE AUTHORITY

4.1 Central Government

4.1.1 Head of Government

The Prime Minister is the head of the government. He is appointed and recalled by the President. The President also appoints and recalls other members of government on the suggestion of the Prime Minister. The composition of the government reflects the mandates of Parliament and is proportionate to the number of seats based on election results.

4.1.2 Office of the Head of Government

There is no special office of the Prime Minister. The Prime Minister is served by a Secretariat, charged with duties similar to the Office of the Prime Minister in some other countries. The Secretariat is a division of the Office of the Government of the Slovak Republic. The Office of the Government organises the activities of the government and the Prime Minister. The government appoints and recalls someone to direct the Office of the Government.

4.1.3 Central Policy-Making / Co-ordinating Bodies

The government of the Slovak Republic is the central policy-making and executive body, comprising the Prime Minister, three vice-Prime ministers, and other ministers. The government is responsible for implementing legislation and directing and co-ordinating the business of ministries and other central authorities.

As provided by the Constitution, the government debates and decides on bills, government decrees, implementation of the government's programme, international agreements, budgetary drafts, and high official appointments. The Prime Minister presides over and directs government meetings. The government makes decisions as a collective body based on a majority vote of all members. Resolutions require consent by a majority of all members and governmental decrees require the signature of the Prime Minister. Ministries issue regulations which must be signed by the appropriate minister. All decrees and regulations are published in the Official Gazette, known as the 'Collection of Laws'.

4.1.4 Consultative / Advisory Bodies

The government sets up various committees and commissions to deal with specific issues. Commissions are usually standing bodies -- for example, the Legislative Commission of the Slovak Government. Committees are *ad hoc* bodies established to deal with specific problems. As consultative and advisory bodies these committees and commissions have no decision-making authority.

4.1.5 Central Management Bodies

The ministries and other central executive bodies are agencies of central management. They have equal status and were established under legislation setting out their powers and structure. Unlike ministries, central executive bodies fall under the supervision of the government or a member of government.

4.1.6 Line Ministries

Ministries are central administrative authorities headed by a minister who is responsible to both the Government and the Parliament for the business of the ministry. The Prime Minister may advise the President to recall a member of the government.

The Slovak Republic has the following 14 ministries:

- Economic Affairs;
- Finance;
- Labour, Social Affairs and Family;
- Environment;
- Administration and Privatisation of National Property;
- Transport, Communications and Public Works;
- Land Economy;
- Education and Science;
- Culture;
- Health;
- Interior;
- Foreign Affairs;
- Defence; and
- Justice.

4.1.7 Other Bodies

Central executive bodies are presided by a chairperson and responsible to the government. They are:

- the Slovak Statistical Office,
- the Slovak Office of Geodesy,
- the Cartography and Spatial Arrangement,
- the Slovak Anti-Monopoly Office,
- the Office of Supervision of Nuclear Energy,
- the Office for Normalisation, Metrology and Probation,
- the Office of Industrial Property, and
- the Board of State Substantial Reserves.

4.1.8 Central Representation at the Regional / Local Levels

By virtue of the Local State Administration Act 472/1990, the state administration is executed by district and local offices. The republic is divided into 38 districts and 121 subdivisions. Each district office is headed by a government-appointed principal on the advice of the Ministry of Interior. The principal has statutory powers to give orders to other state bodies, mayors in urban and rural areas, corporations and individual citizens when trying to avert threatening circumstances (natural disasters or epidemics) or protect the health and safety of individual citizens. A district office is comprised of different divisions and departments.

A local office is headed by a principal appointed by the district office of the principal. The principal decides on property and labour matters within his jurisdiction and is responsible for the internal organisation of business. The jurisdiction of the local office is over administrative matters and the rights and duties of individuals and public corporations in the first instance.

Apart from the district and local system of self-governing local authorities, there are also other two-tier administrative bodies, in particular:

- district and local environmental offices;
- district and local firefighting units;
- educational boards and school principals;
- regional and district military units;
- tax revenue offices; and
- district and local forestry offices.

4.2 Subnational Government

4.2.1 Regional Government

There are no agencies established at a level higher than district or local community level. New legislation is under preparation on territorial and administrative division of the Slovak Republic. This may introduce regional governmental authorities.

4.2.2 Local Government

By virtue of National Council Act 369/1990, the system of local administration authorities was replaced by a system of public management and self-government. Under current legislation, local government is constituted in local communities which are territorial and legal entities. Within limits set by the law, local governments have their own budgets and assets. Local governments may issue ordinances which are binding on all individual or corporate bodies within their jurisdiction. These ordinances may be superseded or invalidated only by parliamentary acts. In some cases, local governments may be delegated additional powers necessary for administration of the state and financed by state funds. Interference with the powers of local authorities is possible only by legislation passed by the Parliament.

Decisions concerning administrative matters of local offices may be appealed in district offices. With some statutory exceptions, local authorities are independent of state supervision.

Local government authorities are elected directly by the local population. Elected mayors head local offices. As the highest executive officer, the mayor summons and conducts the sessions of local

representative bodies, represents the office and the community and decides in all matters of local administration, except those which, according to law, are decided by local representatives.

Local offices consist of local administrative officials responsible for administrative and organisational matters in the work of the mayor and other activities of local authorities. In larger communities, a local office may be run by a principal appointed by the representatives of the local office on the advice of the mayor. He is responsible to the mayor.

Each local community has a chief auditor who is responsible to the local representatives and elected by the representative of the local office on recommendation of the mayor. He inspects local finances, accounts, management of local property and assets, and reports on the budget and final accounts.

Local government authorities may freely associate with other local government authorities and thus may form regional or other interest organisations. Such associations, however, may decide and organise only those matters specifically referred to them by the local self-government.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

Under the Constitution, a Supreme Audit Office was set up by Act 39/1993 as an independent agency to monitor state finances, budgets and payments, and to manage state property and property rights. The Chairman and Vice-Chairman are elected by Parliament. They are disqualified from holding positions in a state administration or agency, local government authority, or company management board. The Supreme Audit Office submits an annual report to the Parliament.

5.2 Ombudsman

The institution of Ombudsman, an independent agency appointed to supervise state administration and review complaints of individuals, has not yet been established in the Slovak Republic. The present political system provides a mechanism for receiving criticism of state administration and complaints filed by individuals. This is carried out *de facto* and *de jure* by traditional sanctions imposed by the Constitutional Court and administrative courts. The legality of decisions made by state administrations is reviewed by specialised benches ("senates") in courts of general jurisdiction.

5.3 Trade Unions

The Constitution provides for the creation and operation of unions which are independent of the state. Restrictions on the number of unions or encouragement of unions in some companies or industries at the expense of other companies or industries is prohibited. The right to strike is guaranteed. However, this right is denied to judges, public prosecutors, members of the armed forces, and members of firefighting units. Representatives of several unions formed a Confederation of Slovak Unions after the "Velvet Revolution". Unions and their organisational units carry out policies independent of state policy, their employers or political parties.

6. DELIVERY SYSTEM

The Slovak system of public service is in the process of transformation. In the past, public services were administered by the state. Now, public services may be provided by independent agencies.

6.1 Education

The Slovak educational system includes:

- pre-school facilities;
- primary schools;
- secondary schools and apprentice/vocational centres; and
- universities.

Pre-school institutions provide pre-school preparation and socialisation. Education is compulsory for children beginning at age six and ending at age 15. Specialised and general secondary schools provide education on more academic, technical, or practical lines. Apprentice centres are institutions of practical vocational training run partly by educational authorities and partly by industrial companies. Universities represent the highest educational institutions and centres of research in different areas such as arts and humanities, medicine, sciences, engineering, and business. Instruction in all state schools is free of charge.

Since 1990, legislation has provided for establishment of private primary and secondary schools, as well as other specialised schools in which tuition fees are paid. Similarly, legislation provides for the establishment of different types of primary, secondary, practical and special schools. The authorities supervising and governing education and research are:

- the Ministry of Education and Science, as the central executive body;
- school boards as regional administrative bodies; and
- director of the school or dean of the university and school administration at primary, secondary, or university level.

Local authorities do not influence the administration of schools or school facilities, but this will change in the future.

6.2 Health

Current legislation provides for a state-funded health care system of general and specialised health services. Citizens have the right to health care on the basis of health insurance. The Constitution has opened new avenues by providing for medical insurance that will cover expenses related to health services. The basic structure comprises health care centres assigned by residency or employment accessibility. The citizen has the right to choose his doctor. The future organisation of health care will rely mostly on family doctors. Privatisation of pharmacies has begun. Specialised treatment is provided by specialists in polyclinics, clinics and hospitals. These are run by health care authorities. State administration of health care is in the hands of the Ministry of Health and subordinate administrative bodies. Treatment of alcoholism and drug addiction is also included in the system of state health care.

6.3 Social Welfare

The system of social welfare includes:

- health insurance for all employed persons and self-employed persons;
- retirement benefits;
- social assistance; and
- state social benefits.

The Constitution guarantees the right to appropriate social assistance. The central authority is the Ministry of Labour, Social Affairs and Family. The ministry supervises the Social Insurance Agency. This agency exercises tasks of social insurance on the central level, and on the regional through branch offices, particularly in the area of state social benefits. Local government authorities may decide on various optional allowances and benefits. The current system of social security is based on the principle of solidarity.

7. STATISTICS

President of the Republic: Michal KOVÁČ

Prime Minister: Vladimír MEČIAR (Movement for a Democratic Slovakia)

Party Representation in Parliament (National Council), following elections of 30 September and 1 October 1994:

	Percentage (to the nearest tenth)	Seats
Movement for a Democratic Slovakia and the Slovak Farmer's Party	40.7	61
Common Vote ¹	12.0	18
Hungarian Coalition ²	11.3	17
Christian Democratic Movement	11.3	17
Democratic Union of Slovakia	10.0	15
Slovak Workers Association	8.7	13
Slovak National Party	6.0	9
Total	100	150

¹ Common Vote is represented in Parliament by following political clubs :

- Party for the Democratic Left;
- Social-Democratic Party of Slovakia;
- Green Party of Slovakia; and
- Agricultural Movement of Slovak Republic.

² Hungarian Coalition is represented in Parliament by following political clubs :

- Hungarian Christian-Democratic Movement;
- Common Living; and
- Hungarian Citizen Party.

Some Important Data from the 1994 Slovak Budget
(thousands of Crowns¹)

Expenditure of the Main State Bodies:

President of the Republic	159 978
Parliament (National Council)	196 010
Prime Minister's Office	118 490
Ministry of Economic Affairs	1 442 652
Ministry of Foreign Affairs	1 426 538
Ministry of Defence	9 900 000
Ministry of Finance	1 974 894
Ministry of Labour, Social Affairs and Family	11 291 162
Ministry of Interior	12 458 928
Ministry of Environment	1 116 009
Ministry for Administration and Privatisation of National Property	26 336
Slovak Information Agency	345 324
Ministry of Transport, Communications and Public Works	6 409 182
Ministry of Land Economy	11 141 313
Ministry of Education and Science	18 688 695
Ministry of Culture	2 022 199
Ministry of Health	2 825 655
Ministry of Justice	1 724 701
Anti-Monopoly Office	12 005
Office for Normalisation, Metrology and Probation	148 213
Office for Industrial Property	23 509
Statistical Office	185 551
Office of Geodesy, Cartography and Spatial Arrangement	279 737
Constitutional Court	23 256
Supreme Audit Office	35 612
Public Prosecutor's Office	223 003
Slovak Academy of Science	381 000
Press Office of Slovak Republic	45 247
Slovak Broadcasting Corporation	25 100
Slovak Television	240
Office of State Debt of Slovak Republic	26 403 100
Office of Supervision of Nuclear Energy	26 950
Board of State Substantial Reserves	482 353
General Treasury Bond	36 721 058
 Subtotal	 148 295 000
Subsidies for Local Government Budgets	1 035 000

Total	149 330 000

¹ On 1 January 1995, the exchange rates were:
(Sources: IMF and Eurostat)

1 US\$ = 31.277 Crowns
1 ECU = 25.427 Crowns

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***PUBLIC MANAGEMENT PROFILE
SLOVENIA***

(as of 1 January 1995)

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Main Characteristics

Until 25 June 1991, Slovenia was a constituent republic of the former Socialist Federal Republic of Yugoslavia. In 1989, in a move independent of the Yugoslav Federation's federal government, Slovenia changed its Constitution and started the process of political and economic reform with the aim of establishing parliamentary democracy and a market economy. The first multi-party elections in Slovenia took place in the spring of 1990, effectively ending the period of Socialism. Changes to the economic and political system followed and, at the same time, the dissolution of the Yugoslav federation began.

The plebiscite organised at the end of 1990 decided that Slovenia should become an independent state. With the enactment of the Fundamental Constitutional Document of the Independence of the Republic of Slovenia on 25 June 1991, Slovenia ceased to be a federal unit in the Socialist Federal Republic of Yugoslavia and became an independent country. On 23 December 1991, a new Constitution was adopted, establishing a modern constitutional order. Slovenia thereafter accelerated the process of political and economic reform. The new Constitution provided the basis for establishing a parliamentary system and parliamentary elections took place in December 1992.

Recent Reforms and Trends

With the adoption of the Act on the Organisation and Field of Activity of Ministries in 1994, the field of public administration, including the responsibility for implementing public administration reform, was transferred from the Ministry of Justice to the Ministry of Internal Affairs.

On 1 January 1995, a new system for organising the public administration and local self-government came into force. The new system of local self-government completely changed the previous system of communes as basic socio-political communities that had been in effect until December 1994. New municipalities were created and the municipal council and mayoral elections took place on 4 December 1994.

The economic reforms underway include the de-nationalisation process, by which nationalised property is returned to its former owners, and the privatisation process, by which the former socially-owned property is transformed into private and public property.

The legal system is being changed at a rapid pace in all areas, and is being brought into line with European Union norms.

I. THE STATE

1.1 Nature of the State

Slovenia is a unitary state with a republican form of government.

1.2 Constitutional Base

According to the Constitution, Slovenia is a democratic republic and a state based on the rule of law and on social welfare. The Constitution defines that power is held by the people, and that they exercise this power directly and through elections. The authority of the state is organised on the principle of the division of power into legislative, executive and judicial branches, with a parliamentary system of government.

The Constitution provides for two fundamental forms of direct democracy: referendums and popular initiatives.

A referendum on amendments to the Constitution can be organised for the citizens to confirm constitutional changes which have been passed by the Parliament (National Assembly). The Parliament must call this referendum if it is requested by at least 20 deputies. The referendum is decisive. Constitutional amendments are confirmed if they are approved by a majority of those voting, on the condition that a majority of all eligible voters participated in the referendum.

The two types of legislative referendums that can be organised are: a preliminary referendum whereby the voters can declare their views on issues covered in a draft law; and a consecutive referendum, whereby the voters can confirm a law which the Parliament already has passed. The Parliament must call a legislative referendum if one is requested by at least one-third of the deputies, the National Council or 40 000 voters. Legislative referendums are decisive.

Popular initiatives for amending the Constitution can be submitted by a minimum of 30 000 voters, and by at least 5 000 voters for popular legislative initiatives.

Referendums and popular initiatives can also be organised on the local level.

1.3 Head of State

The President of the Republic (hereafter referred to as "the President") is the head of state. The President represents the Republic of Slovenia and is the supreme commander of the armed forces.

The President is elected for a five-year term in direct, free, universal and secret elections by an absolute majority of votes. He can serve no more than two consecutive terms. Presidential elections are called by the President of the Parliament.

A candidate for the post of President can be proposed by at least ten deputies of the Parliament, political parties and at least 5 000 voters. The candidate of a political party must be supported by the signatures of at least three deputies or at least 3 000 voters. If no candidate receives the required absolute majority of votes in the first round of elections, the elections are repeated for the two candidates who received the greatest number of votes. Only a citizen of the Republic of Slovenia may be elected President.

If the President's term of office would otherwise expire during a state of war or emergency, his term is automatically extended and expires six months after the state of war or emergency ends. If the President dies, resigns, is permanently incapacitated or is otherwise unable to perform his functions, the President of the Parliament temporarily performs the functions of President of the Republic until a new President is elected. In addition, the President of the Parliament temporarily performs the functions of President of the Republic during any temporary absence of the President of the Republic.

The President promulgates laws, calls elections to the Parliament, and issues documents of ratification for international treaties and agreements.

Upon consultation with the leaders of the deputy groups (see sections 3.1 and 7) in the Parliament, the President proposes a candidate for Prime Minister. He can dissolve the Parliament if during the formation of a government, the Parliament cannot elect a candidate for Prime Minister after several attempts (see section 3.1). He also can dissolve the Parliament if, as part of a no-confidence vote in the government, the Parliament does not elect a new Prime Minister and if, after a repeat vote, the current Prime Minister does not receive a vote of confidence.

At the request of the Parliament, the President must provide his opinion on a given issue. When the President wants to present his views to the Parliament, he may demand that he be included in the parliamentary agenda. He may also demand the calling of an extraordinary session of the Parliament.

When the Parliament is unable to meet in session due to a state of emergency or war, the President may, on the proposal of the government, issue decrees which have the full power of the law. The President must submit such decrees to the Parliament for ratification as soon as the Parliament reconvenes. When the Parliament is unable to meet in session, the President may decide on the declaration of a state of war or emergency, on emergency measures and their cessation, and the use of the defence forces. The President must submit these decisions to the Parliament for ratification as soon as the Parliament reconvenes.

The President proposes to the Parliament candidates for judges to the Constitutional Court, members of the Court of Audit, the Human Rights Ombudsman and five members of the Judicial Council.

The Office of the President is headed by a Secretary-General and includes advisors to the President.

2. JUDICIAL AUTHORITY

2.1 Legal System

The legal system of the Republic of Slovenia is founded exclusively on written law. The highest legal statute is the Constitution, which is adopted and amended by the Parliament in a special procedure.

The other legal acts in hierarchical order are:

- laws passed by the Parliament;
- decrees issued by the government for the implementation of laws, regulations, guidelines and orders issued by ministries for the implementation of laws and government decrees; and

- regulations which local self-government bodies have passed in order to settle affairs under their jurisdiction.

Laws and other regulations must be in accordance with the Constitution, while non-statutory regulations must be in accordance with the Constitution and the law; laws and other regulations also must conform with the generally valid principles of international law and with international agreements to which Slovenia is bound. Ratified and promulgated international agreements are applied directly in the Republic of Slovenia.

2.2 Court Structure

2.2.1 *Constitutional Court*

The Constitutional Court was introduced in Slovenia in 1963. The new Constitution significantly strengthened the position of the Constitutional Court. The Court's position and jurisdiction are determined in the Constitution and in the Law on the Constitutional Court (1994).

The Constitutional Court is composed of nine judges who are elected from among legal experts, on the proposal of the President, for a term of nine years. They cannot be re-elected. A judge of the Constitutional Court cannot perform any other official duties in the government, local self-government or political parties.

The Constitutional Court decides on the compatibility of: laws with the Constitution; laws and other regulations with ratified international agreements and with the general principles of international law; and non-statutory regulations and regulations of local self-government bodies with the Constitution and the law. The Constitutional Court may annul unconstitutional laws and unconstitutional or illegal regulations.

The Constitutional Court also decides on jurisdictional disputes between the Parliament, the President and the government as well as those between state bodies and local self-government bodies. In addition, the Constitutional Court decides on constitutional complaints arising from violations of human rights and basic freedoms through individual acts.

2.2.2 *Ordinary Courts*

There are only ordinary courts in the Republic of Slovenia. The setting up of extraordinary courts, and of military courts in peacetime, is prohibited. The work and jurisdiction of all courts are regulated in detail by law.

The Law on Courts, which came into effect on 28 April 1993, reorganised the previous court system. The new court system consists of:

- a Supreme Court, which is the highest court in the country;
- four higher courts, which serve as courts of second-instance; and
- 11 regional courts and 44 district courts, which serve as courts of first instance.

The Law on Labour and Social Courts provides for setting up labour and social courts. Labour courts decide labour disputes while social courts have jurisdiction over pensions and disability insurance, health insurance, unemployment insurance, and disputes over family and social benefits.

In their rulings, the courts are bound by the Constitution and the law and they must take into consideration all international agreements that have been ratified and promulgated by appropriate bodies and which have thereby become binding in domestic law.

Judges are appointed by the Parliament, on the proposal of the Judicial Council, to a permanent term and their independence is guaranteed. The Judicial Council is a body of eleven members. Five members are elected by the Parliament on the nomination of the President. The other six members are elected from amongst judges holding a permanent judicial office.

The Constitution expressly states that the implementation of the judicial branch of power requires the direct participation of the citizens as jurors, which is covered in more detail in a separate law. The Constitution provides that the judicial branch of power is entirely independent.

2.3 Public Prosecutor

The Public Prosecutor is an independent state authority responsible for prosecuting cases brought against those suspected of committing criminal acts. The Public Prosecutor operates at the level of the basic public prosecutor's office, higher public prosecutor's office and the state public prosecutor's office.

3. LEGISLATIVE AUTHORITY

3.1 Main Bodies

The Parliament (National Assembly) has exclusive jurisdiction over the passing of laws. Laws can be proposed by the government, any councillor of the National Council (see section 3.2.2) or at least 5 000 voters. The Parliament is composed of 90 deputies who are elected in direct elections. The Constitution guarantees that the Italian and Hungarian ethnic communities each have one deputy in the Parliament; they are elected by the members of the relevant ethnic community (see section 3.3).

The Parliament decides on amendments to the Constitution, the declaration of a state of war or emergency, and the use of defence forces. It elects certain holders of state and public offices, (e.g. the judges of the Constitutional Court, of other courts and of the Court of Audit, as well as the Human Rights Ombudsman). It can bring the President, the Prime Minister and ministers before the Constitutional Court to answer charges relating to violations of the Constitution and the law.

The Parliament can decree a parliamentary inquiry. It must do so when at least a one-third of members of the National Council (see section 3.2.2) demands such an inquiry. A Parliamentary Inquiry Committee is appointed to carry out the inquiry. The process of parliamentary inquiry is governed by law.

The Parliament elects the Prime Minister on the proposal of the President by a majority of all deputies. If the President's first candidate is not elected, the President may propose, within 14 days of the vote, a new candidate or the same candidate again. In addition, candidates can be proposed by deputy groups or at least 10 deputies in the Parliament. If more than one candidate is nominated, the Parliament will first vote on the President's candidate. If this candidate is not elected, the Parliament will then vote on each other candidate in the order the candidate was nominated. If no candidate has been elected Prime Minister at this stage, a majority of deputies present must vote to conduct further votes for the office of Prime Minister. If it decides to conduct further votes, only a majority vote of deputies is required to elect

a Prime Minister. If the Parliament decides not to continue with further votes, the President must dissolve the Parliament and call new parliamentary elections.

Upon proposal by the Prime Minister, the Parliament appoints and dismisses ministers. Before being appointed, the proposed minister must present himself to the competent body of the Parliament to answer specific questions.

The Parliament oversees the work of the government. The government and individual ministers are responsible to the Parliament for their work. Ten or more deputies can demand the interpellation of the government or of an individual minister. The Parliament can pass a vote of no-confidence in the government in such a way that, on the proposal of at least 10 deputies, a new Prime Minister is elected. If the Parliament passes a vote of no-confidence in an individual minister, the minister is dismissed.

The Prime Minister can demand that the Parliament hold a vote of confidence in the government. If the government does not obtain a vote of confidence, the Parliament must elect a new Prime Minister within 30 days or it must express confidence in the current Prime Minister in a new vote. If neither of these two actions takes place, the President must dissolve the Parliament and call new parliamentary elections.

The Parliament works in regular and extraordinary sessions. These sessions are called by the President of the Parliament, who represents the body and heads its work. Regular sessions are held each month during the Parliament's two terms (spring and autumn).

There is a parliamentary quorum when the majority of deputies is present. The Parliament passes laws and other resolutions by a majority vote of all deputies present, except when the Constitution requires another type of majority. A two-thirds majority of all deputies is required to pass amendments to the Constitution and to pass certain laws governing the electoral system. A two-thirds majority of the deputies present is required to pass laws authorising the organisation of a referendum and laws dealing with defence matters. When laws and resolutions are adopted by a majority of all deputies present, only the votes for or against the proposal are counted; abstaining votes are not counted.

The political parties within the Parliament are organised into deputy groups (see section 7) which play an important role in organising Parliament's work. A deputy group can be formed by at least three deputies; deputies from the same party can form only one deputy group. The deputies of the Italian and Hungarian ethnic communities have the status of a deputy group. Deputies who are not members of parliamentary parties can form an independent deputy group.

The position of deputy is a professional function. Deputies receive a salary for their professional work. A deputy cannot at the same time be a member of the National Council or perform another function in state or local self-government bodies. Deputies cannot engage in profit-making activities that are, by law, incompatible with holding a public office.

3.2 Associated Structures

3.2.1 *Committees and Commissions*

The working bodies of the Parliament are committees and commissions, which are either permanent or temporary. Only deputies can be members of these working bodies.

The permanent committees, which correspond with the fields of individual ministries, are:

- Agriculture and Forestry;
- Culture, Education and Sports;
- Defence;
- Economics;
- Finance and Loan / Monetary Policies;
- Infrastructure and Environment;
- Health, Labour, Family and Social Policies;
- Internal Policies and Justice;
- International Relations;
- Sciences, Technology and Development; and
- Supervision of the Budget and Other Public Finances.

The permanent commissions, which are established for other fields of parliamentary operations, are:

- Elections, Designations and Administrative Matters ;
- Ethnic Minorities;
- Issues Regarding Disabled Persons;
- Local Self-government;
- Mandate / Immunity;
- Monitoring and Supervising the Ownership Transformation of State-owned Property;
- Petitions;
- Standing Orders; and
- Supervision of the Work of the Security and Intelligence Services.

Temporary commissions are set up to perform parliamentary investigations.

The composition of committees and commissions is determined according to the number of deputies belonging to individual deputy groups. The President, Deputy-President and members of the committees and commissions are appointed by the Parliament on the proposal of the deputy groups. Representatives of the opposition deputy groups are assigned the leadership positions in the committees and commissions overseeing the security and intelligence services as well as those supervising the national budget and finances.

3.2.2 National Council

The National Council is the representative body for social, economic, professional and local interests. This body comprises 40 councillors: four representatives of employers; four representatives of employees; four representatives of farmers, small business and the self-employed; six representatives of non-profit making organisations; and 22 representatives of local interests.

The councillors are elected indirectly by a simple majority for a five-year term. They are elected by electoral bodies that are composed of either elected representatives of the interest groups, or elected representatives of the local communities. Foreigners have the right to vote for councillors, except those representing local interests. Foreigners cannot be elected to the National Council.

The National Council provides opinions to the Parliament on all matters within its jurisdiction and, at the request of the Parliament, it must give its views on specific issues. It also can demand the holding of a legislative referendum and can require that the Parliament conduct a parliamentary inquiry.

The National Council can propose the adoption of laws to the Parliament. Before a law is promulgated, and within seven days after being passed by the Parliament, the National Council can demand that the Parliament reconsider the law. When this takes place, the law will be passed only if a majority of the Parliament's deputies approves the law, except in cases where the Constitution requires a greater majority for enactment.

The National Council has a quorum if a majority of the councillors is present at its session. The National Council passes resolutions by a majority vote of the councillors present, with the exception of resolutions calling for the organisation of a legislative referendum. These resolutions can be passed only with a majority vote of all the councillors.

The councillors are financially compensated for costs due to time away from their primary jobs and for expenses incurred during the performance of their functions. Members of the National Council cannot simultaneously be a deputy in the Parliament or hold any office in a state body.

The working bodies of the National Council are the permanent and temporary commissions, which have from five to ten members. Each interest group is represented in each commission by at least one member. The commissions consider issues in their fields of work and prepare reports with proposals for decision in the sessions of the National Council. The permanent commissions are: Economy; Agriculture, Forestry and Food; Mandate and Immunity, Standing Orders and Administrative Matters; Non-Profit Activities; Political System; Standing Orders and Administrative Questions; and Regional Development and Agriculture.

3.3 Electoral System

Elections to the Parliament are based on universal and equal suffrage and are direct, free and secret. All Slovenian citizens who have reached the age of 18 years have the right to vote in these direct elections and to be a candidate.

The deputies are elected to a four-year term. They are elected in eight constituencies, with 11 deputies elected per constituency. The deputies of the Italian and Hungarian ethnic communities are elected in special electoral constituencies that are only composed of members of these communities. The members of these communities also participate in the election of other deputies.

Candidate lists are proposed by the political parties, or by the voters themselves with the signature of at least 100 voters in the constituency concerned. The eight constituencies are further divided into electoral districts where the citizens vote for a candidate list, indicating their choice amongst the candidates, or an individual candidate. All the votes received by candidates on the same candidate list are counted and awarded to this candidate list.

The distribution of deputy seats is proportional. The seats are first divided among the candidate lists of each constituency using the voting quotient system; the remaining seats are distributed at the national level using the *d'Hondt* system.

4. EXECUTIVE AUTHORITY

Executive power in Slovenia is exercised by the government of the Republic of Slovenia and the ministries. The municipalities and wider self-governing local government bodies perform individual tasks that are within the state's jurisdiction only when they assent to this and when their responsibilities are defined by law (see section 4.2.2).

4.1 Central Government

4.1.1 Head of Government

The Prime Minister is the head of the government. The President of the Republic proposes a candidate for Prime Minister to the Parliament after consulting with the leaders of the deputy groups (see section 3.1).

The Prime Minister's term ceases when a new Parliament is formed following parliamentary elections. His term also can be terminated if the Parliament passes a vote of no-confidence in the government, or if the Constitutional Court dismisses him on grounds of violating the Constitution or the law.

The Prime Minister leads and directs the work of the government, ensures unity in the political and administrative orientation of the government, co-ordinates the work of the ministers, represents the government, and calls and chairs the government's sessions.

The Prime Minister proposes to the Parliament the appointment or dismissal of ministers to the Parliament. He also can demand a vote of confidence in the government whereby the issue of confidence is linked to the passing of a law or some other decision in the Parliament. The Prime Minister holds general rights to represent the government in the Parliament and its working bodies.

The Prime Minister can give ministers obligatory directives in connection with tasks arising from the guidelines of the government.

4.1.2 Office of the Head of Government

The Office of the Prime Minister is headed by the Secretary-General of the Government. The Secretary General is responsible to the government, and is appointed and dismissed on the proposal of the Prime Minister.

The tasks of the Office of the Prime Minister include:

- co-ordinating the meetings of the government and its working bodies;
- ensuring the co-operation of the government with the National Assembly, the President of the Republic, other state bodies and other states and international organisations;
- providing opinions and other materials for use in forming the positions of the government and its working bodies;
- monitoring the implementation of governmental decisions;

- assisting the Prime Minister in ensuring the rational and effective organisation and work of the state administration and its governing bodies, public services, and local self-governing bodies when they execute tasks falling within the state's jurisdiction;
- organising inter-ministerial co-operation on issues which fall within the work area of several ministries and preparing guidelines for solving any inter-ministerial disputes; and
- performing other specialised and co-ordination tasks which allow the Prime Minister to lead and direct the work of the government, ensure unity in its political and administrative orientation, and co-ordinate the work of the ministries.

The tasks of the Office of the Prime Minister are performed by government employees, in co-operation with the ministries, government services and research organisations and specialists in related fields.

4.1.3 Central Policy-making / Co-ordinating bodies

The government is the central policy-making body in the Republic of Slovenia. The government is composed of 15 ministers who are responsible for fields determined by law. The government can have no more than two ministers without portfolio. Presently, there are two ministers without portfolio: one is responsible for legislative affairs and the other for local self-government reform.

The government proposes laws, other regulations, general acts and state policies for individual social and economic fields to the Parliament, and directs and co-ordinates the implementation of these measures.

The government usually meets once a week, but meets more frequently if necessary. The government sessions are closed to the public, and are attended by the Prime Minister, ministers, the Secretary General, a representative of the Government Office for Legislation, and invited persons. The Secretary General and the representative of the Government Office do not have the right to vote; this is the exclusive right of the Prime Minister and the ministers.

The Prime Minister chairs the government sessions. If the Prime Minister cannot attend a government session because of an official trip, sickness or some other justifiable reason, the Secretary General acts as his deputy and chairs the session.

The government adopts its decisions by a majority vote of all its members, not just of all members present. A majority of its members must be present to enable the adoption of decisions. The government can also take decisions through correspondence meetings. Government decisions which take the form of regulations or general legal acts are signed by the Prime Minister and published in the *Official Gazette*. Other decisions are signed by the Secretary General.

The government conducts the state administration through ministers. The government oversees the work of ministers, gives them political guidelines for executing policies, laws, other regulations and general acts, and ensures that ministers co-ordinate the execution of their functions. The government can stop the implementation of regulations by a minister if it determines that the implementation violates the Constitution, the law, or regulations of the Parliament or the government.

Draft laws prepared by individual ministries must be discussed and approved by the government before being submitted to the Parliament. The ministries cannot independently propose a legal act to the Parliament.

4.1.4 Consultative / Advisory Bodies

Consultative bodies can be formed by the government and by individual ministers. The composition of these bodies depends on the specialised task the body performs. Some specialised consultative bodies are founded by law (i.e. the Health Council, Social Council, Specialised Council for Education). Other bodies are mainly founded by a decision of the government and with the agreement of other institutions.

For example, in 1994, the Economic and Social Council was founded by the social partners (the government and representatives of employees and employers) as a three-part, consultative body for the discussion of issues and measures connected with economic and social policies. The council's decisions are binding on the organs and working bodies of all three social partners. These decisions are adopted by common consent.

The Economic and Social Council participates in the preparation of legislation, proposes draft legal regulations, and provides its opinions on laws and other legal acts for issues falling within its field of operation. These issues include: social agreement, social rights and obligatory insurance rights, employment, system of collective negotiations, prices and taxes, economic system and policy, legal security, co-operation with the International Labour Organisation and the Council of Europe, workers' co-management, and union rights and freedoms. The council communicates its proposals, recommendations and opinions to the National Assembly, the National Council and the public.

Consultative bodies hold discussions, formulate positions, and make recommendations to a minister or the government. However, the minister or the government is not formally obliged to accept these proposals.

Members of consultative bodies report on their work and are responsible to the body which nominated them. Their term of office usually is not limited and the composition of these bodies can be changed as necessary. Individual ministers must, within the framework of their jurisdiction, co-operate in the work of consultative bodies. Individual ministers are not responsible to these bodies.

4.1.5 Central Management Bodies

Financial Resources Management

The Ministry of Finance prepares a draft state budget which is based on the recommendations of ministers and other budget users (i.e. other state organs, public institutions and public enterprises authorised by law). The state budget consists of a general part, which is composed of a balance sheet of revenues and expenditure and the financial accounts, and a special part, which shows expenditure according to individual users and more detailed, specific purposes. The budget year is the calendar year.

The government must approve and submit a draft state budget to the Parliament at least three months before the start of the budget year. At this time, the government also must submit a comprehensive report on its work of the previous year and a budget memorandum. The budget memorandum presents the basic aims of the government's economic, social and budgetary policy, the general framework of all public financing for the budget year, and the general aims of its public financing policy for the next year.

If the state budget is not adopted by the start of the budget year, the financing of public expenditure continues temporarily according to the previous year's state budget.

The state budget is implemented according to monthly plans determined by the Ministry of Finance on the basis of monthly financial plans proposed by the budget users. Budget funds only may be used for those purposes determined in the state budget. During the year, the government may propose changes to the national budget, which must be adopted by the Parliament.

No later than five months after the start of the new budget year, the government must submit to the Parliament a draft final account of how the government and other budget users implemented the previous year's state budget.

Human Resources Management

The government, in accordance with the law, regulates the internal organisation of the state administration, the grading of jobs, and the working hours. It also approves the hiring of staff to work for the government, individual ministers and the administration.

The employment of staff in state bodies is governed by the Law on Employment in State Bodies (1990), which in addition to requiring general conditions such as physical capacity to work, requires that staff be Slovenian citizens and at least 18 years old. All senior administrative employees, administrative employees and professional and technical personnel who perform their duties in direct contact with the public (as defined in the above Law) must have an active command of the Slovene language. State employees working in areas inhabited by members of the Italian and Hungarian minorities are required to have a knowledge of Italian or Hungarian.

Governmental bodies may propose to the government the appointment of administrative executives to assist in managing their work, including especially demanding tasks. The government may decide to make such appointments. Senior administrative executives and administrative staff, as well as technical and expert staff appointed by the government, cannot be members of the leadership of any political party, and their right to strike is curtailed by law.

The Law on Employment in State Bodies defines the rights and duties of employees of state bodies. In addition, some of their rights (for example right to information, right of education), and conditions for the operations of the trade union, are defined in the Collective Agreement for non-commercial (non-profit activities).

Employees in state bodies have the right to strike under conditions defined by law, except some employees who are prohibited by law from striking (i.e. the police, customs, air flight controllers).

The salaries of employees in state bodies, as well as of other public servants, are governed by the Law on Salary Relations in Public Institutions and State and Local Community Bodies (1994) which also governs their promotion. Public servants are free to join trade unions. The law also determines the rights of staff in state bodies to annual leave and other periods of absence. For other public servants, collective agreements are applied unless these rights are otherwise determined in a special law.

The government is working to prepare a draft law to define the legal status of civil servants and introduce a civil service system.

4.1.6 Line Ministries

The ministries, and the administrative bodies and organisations within their purview, perform administrative tasks directly.

Each minister is responsible for implementing the decisions of the government and for representing the position of the government. The minister heads and represents the ministry, gives political directives for the work of the ministry and bodies within its composition, and supervises this work. The minister issues regulations and other acts concerning the competencies of the ministry and the bodies within its composition. Ministers are responsible for their own decisions in leading the ministries as well as for the non-implementation of any measures which should have implemented.

The 15 ministries are:

- Agriculture, Forestry and Food;
- Culture;
- Defence;
- Economic Affairs;
- Economic Relations and Development;
- Education and Sport;
- Environment and Physical Planning;
- Finance;
- Foreign Affairs;
- Health;
- Internal Affairs;
- Justice;
- Labour, Family and Social Affairs;
- Science and Technology; and
- Transport and Communications.

The ministries, administrative bodies and the administrative organisations in their composition perform administrative and expert tasks in their area of work; manage affairs in association with international co-operation that fall into their scope of work; carry out tasks in association with informatics; keep records; and perform other tasks defined by law and other regulations.

In their specific areas of work, the ministries grant concessions and supervise the work of public institutes and public services. The ministries enter, maintain and exchange data from the records under their jurisdictions; link these data into shared databases and into the national programme of statistical research; and perform analytical functions.

4.1.7 Other Bodies

Certain tasks are performed directly for the government by the Security and Intelligence service, the Statistical Office of the Republic of Slovenia and the Government Office for Legislation, which holds the power to judge proposals from the legal perspective. The heads of these services are directly responsible to the Prime Minister, but not to the Secretary-General of the Government, who otherwise heads all the other government services.

In addition, special bodies have been founded in various fields as independent legal entities. Their tasks, rights, duties and responsibilities are determined by law. These are not responsible to the government but rather directly to the Parliament. These bodies are formed as funds or agencies and include: the

Development Fund, the Succession Fund, the Slovenian Damages Fund, the Agency for Restructuring and Privatisation, the Agency for Payment Transactions, Control and Information, and the Bank Rehabilitation Agency.

Other bodies have been created to perform specialised and developmental tasks. They have no administrative jurisdiction and their legal status varies. The majority are independent legal entities, financed partly by the national budget and partly by revenue generated from the sale of their services, the investment of capital and in other ways. These bodies include: the Technological Development Fund, the Ecological Fund, the Fund for Promoting Regional Development and the Preservation of the Slovenian Countryside, and the Agency for the Securities Market.

4.1.8 *Central Representation at the Regional / Local Levels*

Administrative units of the ministries are organised in regions with one or more local communities to perform administrative tasks which are determined by law. There are 58 administrative units.

These administrative units manage affairs within their ministry's field of work under the supervision of the ministry. They also supervise the legality of work conducted by local self-government bodies but only in cases where the local bodies are performing tasks that were transferred from the state competencies.

The government appoints and dismisses heads of the administrative units on the proposal of the relevant minister and after consulting the municipal councils in the region where the administrative unit is organised. The head of the unit must act in accordance with the directives, and the instructions of the competent ministry.

A special joint council is created for co-operation between the administrative unit and the local community. This joint council discusses questions related to the tasks of the administrative unit and gives the unit's head non-binding opinions and proposals. The members of the joint council are elected by the competent bodies of the local communities.

4.2 *Subnational Government*

4.2.1 *Regional Government*

There is no regional government in Slovenia.

4.2.2 *Local Government*

Slovenia has introduced a single-level system of local self-government which differs greatly from the former organisation of local self-government where the municipality typically performed both state and local functions.

In the new system, the municipality usually performs only local tasks. It can only perform tasks of the state if it consents to do this. An exception applies to the cities and towns having the status of an "city municipality". The procedures and conditions for attaining this status are defined by law. The law requires city municipalities to perform specific tasks which fall under the jurisdiction of the state and which are related to the development of the city or town.

A municipality is founded by law after a referendum takes place with the participation of residents from the region. Municipalities can unite to form districts or other broader self-governing communities. The state also can transfer the implementation of certain tasks falling under state jurisdiction to such communities, but only with their consent.

Municipalities are normally financed from their own sources (i.e. from taxes and other duties, and from revenues received from municipal property). Economically underdeveloped municipalities which cannot ensure the implementation of their tasks with only their financial sources receive additional finances from the state. The local tasks of the districts or other broader local self-governing communities are financed by the municipalities that founded these communities.

The bodies of the municipality are the municipal council, the mayor, and, when necessary, one or more municipal committees and a supervisory committee.

The municipal council is a representative body which takes the basic decisions falling under the jurisdiction of the municipality. The number of council members is defined by the municipality itself but must be within a legal framework of seven to 45 members. In regions inhabited by Italian and Hungarian ethnic communities, these ethnic communities must have at least one representative serving on the municipal council.

Members of municipal councils are elected directly for four-year terms, on the basis of universal and equal suffrage, in free and secret ballots. Voting rights are the same as for the national elections (see section 3.3), with the additional requirement that the voter be a permanent resident in the municipality. In smaller municipalities, the majority system for dividing mandates is applied. In medium and larger municipalities, a proportional system is used whereby the electors vote for lists of candidates and preferential voting is possible.

The municipal committees are the executive bodies of the municipal councils, and are elected by the municipal councils from among their own members and the municipality's citizens.

The mayor represents the municipality and heads the municipal administration. The mayor is elected for four years in direct elections on the basis of the same voting rights which apply to municipal council elections. The candidate who receives the greatest number of vote (absolute majority) is elected as mayor. If no candidate is elected in the first round of the elections, another round of elections is held; in this round, the voters decide between the two candidates who received the greatest number of votes in the first round.

The supervisory committees oversee the financial management of the municipality. Its members are appointed by the municipal council from among the local citizenry.

Direct forms of citizen participation in the decision making of the municipality are referendums (obligatory and consultative), people's initiatives, and an assembly of the citizens. An assembly of a municipality's citizens can be called by the mayor at his own initiative, at the initiative of the municipal council or at the request of five percent of the municipality's voters.

The position of the municipality *vis-à-vis* the state is protected by the fact that the Constitutional Court decides on the accordance of regulations of the local communities with the Constitution and law, and decides on disputes regarding jurisdiction falling to the state and the local communities.

5. OTHER INSTITUTIONS

5.1 Supreme Audit Institution

The Court of Audit is responsible for auditing state finances, the state budget and funds expended for public purposes, including funds spent by the constitutionally independent and autonomous local self-government bodies.

The Constitution provides for the establishment of the Court of Audit. The Court's administration and powers are determined by statute in the Law on the Court of Audit, which was adopted in July 1994. The Court of Audit functions independently and is subject only to the Constitution and the statute which determines its administration and powers.

The members of the Court of Audit are appointed by the Parliament on the proposal of the President of the Republic.

5.2 Ombudsman

The Constitution provides for the creation of an Ombudsman who is responsible for the protection of human rights and fundamental freedoms in matters involving state and local government bodies and statutory authorities. The Ombudsman is set up by a statute which also authorises him to monitor the work and procedures of these bodies and authorities in making decisions regarding citizens' rights and freedoms. In this sense, the Ombudsman can provide advice as both a supervisor and consultant to the decision-making bodies and to the citizens.

The Constitution also calls for the establishment of a special Ombudsmen for individual fields by statute. This constitutional provision opens up the possibility, for example, of appointing ombudsmen in the fields of environmental protection and to monitor citizen rights to be safe from harmful effects in the environment.

5.3 Trade Unions

The Constitution guarantees the right to establish trade unions and the freedom of their operation and membership. Public servants are free to join trade unions.

6. DELIVERY SYSTEM

The system of public services was re-organised in 1991. The majority of property for public service fields, including education, social care, health, child care, invalid protection and social security, were transferred to the state and the municipalities. Institutes were established to perform public services in these fields and other fields of non-profit activity. Most of these institutes are financed from the state budget and local self-government finances. The institutes make decisions independently, but the government and individual ministries have a certain influence through their representatives who serve on the institutes' administrative bodies, and through certain powers of approval (see sections 6.2 and 6.3).

The Parliament is considering a draft law to allow the partial privatisation of public service provision. This effort is part of a new system of public service delivery whereby a number of services may be provided by private firms, both domestic and foreign.

6.1 Education

The education system is undergoing reform. The government has proposed six laws to the Parliament which would govern preschool education, primary school, vocation and professional schools, adult education and the organisation and financing of education. The system of higher and university education is governed by a law which was enacted in December 1993.

Under the present system, primary school education is compulsory, starts at the age of seven, and lasts eight years. There also is a six-month, compulsory preparation for primary school, which takes place in kindergarten. Both primary school and kindergarten are free. The government has proposed a draft law which would extend primary school education from eight years to nine years, require that children enrol in primary school at the age of six, and cancel the current six-month, compulsory preparation in kindergarten.

Primary schools are financed by the municipalities while the state finances teachers' salaries according to a uniform scale. The municipality also is represented in the administrative bodies of primary schools and participates in the appointments of their head teachers.

Secondary schools provide education for vocations and also for further study at colleges or universities. Vocational education lasts from two to four years, and for further education it is four years. Grammar schools (*gimnazija*) provide four years of post-primary education, but do not provide education for a specific vocation. Secondary and grammar schools are financed entirely from the state budget. Certain vocational schools obtain a portion of their revenue through the sale of their products. The pupils and their parents participate in the administrative bodies of these schools. The state also participates in these bodies and in the appointment of head teachers.

Professional colleges, universities, faculties and arts academies are financed from the state budget. They are, however, autonomous in their work. This autonomy is reflected in their right to independence in organising their internal systems and functioning; appointing college professors, scientific staff, and employees; formulating curricula; and electing bodies to administer their property. Representatives of the institution's founders (i.e. the state or private individuals), employees and students all participate in the administration of the institution.

6.2 Health

The Constitution guarantees all people the right to health protection and this right is defined in further detail in law. No one can be forced into health care, except in cases defined by law (e.g. for the prevention and treatment of infectious diseases).

The Parliament adopted legislation in the area of health care and insurance at the beginning of 1992. This legislation introduced a compulsory health insurance system which is based on payments of contributions by insured persons and employees. Every inhabitant of Slovenia must be incorporated into this system and pay a monthly contribution from their gross pay or on a different basis determined by law. The employer pays the contributions for their employees' insurance against occupational illnesses and injuries at work.

Contributions for compulsory health insurance are collected in a special account at the Institute for Health Insurance of Slovenia, which is a legal entity entirely separate from the state administration. The institute is managed by an assembly composed of representatives of insured persons and employers. This assembly proposes the contribution rates for compulsory health insurance to the Parliament for consideration and adoption.

Under the health insurance system, compulsory insurance provides insurance against cases of sickness and injury outside work, injury at work and occupational illness. It guarantees insured persons the payment of health care services on a percentage scale, pay during periods of temporary absence from work, payment of funeral expenses and death benefits for family members, and reimbursement for travel expenses related to receiving health care services.

The percentage scale for payment of health care services is determined by law. The patient must pay the difference up to the full cost of the health care services. Voluntary insurance also is available to cover this portion. Some health care services are covered, in full, by voluntary insurance (e.g. child, youth and student health care; care for pregnancy and the prevention and treatment of infectious diseases; compulsory vaccinations; mental illnesses; and urgent medical help).

Insured persons have the right to choose their general practitioner, gynaecologist and paediatrician. Health care services are provided by health centres and private physicians on the primary level, by hospitals on the secondary level, and by clinics and institutions on the third level. Hospitals are the property of the state while health care centres are the property of the municipalities.

Since 1992, private physicians have been able to provide services, and they now account for approximately 10 per cent of all working physicians. Private physicians cannot engage in providing certain health care services prescribed by law, such as the provision of blood.

A health care institution may be set up by any domestic or foreign natural or legal person. Certain health care activities can only be undertaken on the basis of legal concession. Representatives of the health care institution's founders, physicians and health personnel all participate in the administration of the institution.

The Parliament is considering draft laws in other areas of health care such as infectious diseases, the health quality of foods, and the sale of medicines.

6.3 Social Welfare

All legislation in the social security area was adopted following Slovenia's independence and built upon existing systems.

The system of invalid and pension insurance is based on the principle of compulsory insurance, which in certain situations is combined with voluntary (supplementary) insurance. This system is managed by the Institute for Pension and Invalid Insurance of Slovenia, which is an independent legal entity set up by law and independent from the state administration. The institute is administered by an assembly composed of representatives of employers, insurers and insured persons. The institute collects funds through contributions from insured persons and employers. The Institute for Pension and Disability Insurance proposes contribution rates to the Parliament for consideration and adoption.

7. STATISTICS

President: Milan KUCAN (according to the Constitution, the President must suspend his membership in political parties)

Prime Minister: Janez DRNOVSEK (Liberal Democracy of Slovenia)

Party Representation in Parliament (National Assembly), as of 1 January 1995:

	Percentage (to the nearest tenth)	Seats
Liberal Democracy of Slovenia	33.4	30
Slovenian Christian Democrats	16.5	15
Associated List of Social Democrats	15.5	14
Slovenian People's Party	12.3	11
Social Democratic Party of Slovenia	6.7	6
Slovenian National Party	4.5	4
Democratic Party	3.4	3
Slovenian National Right Party	3.4	3
Deputies Representing Ethnic Minorities	2.2	2
Independent Deputies	1.1	1
Total	100	90

Some Important Data from the 1995 Slovene Budget
(thousands of Tolars¹)

Expenditure of the Main State Bodies:

President of the Republic	219 516
Parliament (National Assembly)	3 024 905
National Council	223 495
Court of Audit	405 230
Prime Minister's Office	811 077
Government Services	16 203 181
Ministry of Finance	148 035 345
Ministry of Internal Affairs	25 588 670
Ministry of Foreign Affairs	6 332 675
Ministry of Defence	32 420 185
Ministry of Justice	4 095 007
Ministry of Economic Affairs	13 369 920
Ministry of Economic Relations and Development	5 915 224
Ministry of Agriculture and Forestry	14 030 528
Ministry of Transport and Communications	30 717 624
Ministry of Environment and Physical Planning	11 833 067
Ministry of Labour and Social Affairs	100 371 632
Ministry of Health	4 378 026
Ministry of Education and Sports	84 803 287
Ministry of Science and Technology	16 224 092
Ministry of Culture	12 421 958

Total	533 436 104

¹ On 1 January 1995, the exchange rates were: 1 US\$ = 126.46 Tolars
(Sources: IMF and Eurostat) 1 ECU = 102.80 Tolars

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