

ICPS newsletter

Business Needs Independent Research to Influence Policy

The mechanism of government decision making is gradually changing in Ukraine. Decisions are becoming more strategically defined and oriented to setting up "rules of the game" in the economy. In this new environment, the old lobbying style is not effective anymore. Alex Sundakov, Director of the New Zealand Institute for Economic Research, described the place of business in policymaking in a seminar presentation at the International Centre for Policy Studies. Mr. Sundakov is a consultant on administrative reform issues for the Secretariat of the Cabinet of Ministers of Ukraine; in 1994–97, he worked as the IMF resident representative in Ukraine.

Undoubtedly, government decision-making mechanisms in Ukraine are now changing dramatically, and these changes demand that businesses also modify their role in this process. Previously, the Ukrainian government did not direct its activities pursuant to any given strategy, rather, it only worked on solving separate issues. Such a scheme of decision making promoted the development of a lobbying system based on pursuing the interests of specific enterprises. It is clear that under such circumstances, trying to achieve particular public goals makes no sense, even if there exists a great desire to do so.

In the old lobbying style, personal influence is critical, especially when each and every public servant is unaware of the strategic goals and objectives of the government. Personal contacts are especially important when small-scale issues are addressed; it is simply impossible to solve a problem without access to the right persons. As a result, the overall business sector does not benefit from this kind of lobbying system, for no enterprise alone can influence all aspects of public policy. The results of such lobbying are inconsistent, and they impede work in a stable environment.

Today, the government is moving towards a new system: instead of interfering in the process of business development, it strives to make decisions to set up "rules of the game". We can see that the demands of businesses are changing, as well as the demands of the role businesses can play in society. The new aspect is that the competition of interests, which previously

merely meant the competition of private interests, now becomes the competition of public interests.

The main role of the government in democratic societies is achieving a compromise between conflicting interests. Today, the Ukrainian government is at a turning point: conflicts of interest that used to be implicit and private are now transforming into implicit and public ones. Moreover, while previously the compromise of interests was considered successful when everyone got confused (compromise of private interests is possible only when everyone has no clue what is going on), now the concealment of the essence only harms. The more the government considers conflicts as something integral, the more the compromise of conflict of interests among various social groups demands public discussions and the support of civil society.

In this situation, business inevitably finds new methods for influencing public policy. First of all, this entails its influence through public discussions of policy. Here, we need to emphasise three points.

Firstly, the decisions will rely more and more on analysis. The government cannot address just individual issues anymore. If the government sets up "rules of the game", this game demands the rules to be thought through, and the rules should not change frequently. The more decisions rely on good analysis and the more they can be affected only by persuasive argument, the less important personal contacts and access will be.

Last Week's Events

The training of policy analysis groups has begun. Several training seminars for participants of the project "Creation of a Resource Center and policy analysis groups in the Government of Ukraine" took place at the International Centre for Policy Studies last week.

The project was launched in August under the support of the International Renaissance Foundation and the Canadian International Development Agency. Organisational and methodological support of the project is provided by the Centre for Administrative Reform and the International Centre for Policy Studies.

The project is intended to assist the Ukrainian government in its transition from the system of decision making typical for totalitarian society to a system of decision making that exists in democratic society. To achieve this goal, new decision-making procedures and new standards for documents should be introduced, and government policy analysts should be trained to develop and employ such procedures and standards. Government analysts should learn how to define public policy problems, how to determine options for their resolution, and how to analyse the benefits of each option. By changing the standards and accumulating qualified employees, the government plans a gradual transition towards a new way of working in all ministries and, eventually, at the local level.

The project involves the creation of policy analysis and strategic planning groups in the Secretariat of the Cabinet of Ministers and in the Ministry of Economy, including representatives of the Ministry of Finance and other ministries. The groups are formed on a merit basis and staffed by the sectoral

principle: a group on economic policy, on social policy, on foreign investment, and economic strategy planning.

The project includes three components:

- training (methods of policy analysis, communications, project management, information supply);
- standards development (procedures, document formats, job descriptions of policy analysts);
- development of sector-wide policy documents (white papers).

The following learning techniques are employed:

- classes (lectures, seminars);
- team work (research, discussions, consultations, projects);
- self-education (homework).

An important aspect of the project is that it will be performed by Ukrainian public servants who will be consulted by international experts. The product of the project, developed exclusively by the Ukrainian side, will be used by the Cabinet of Ministers for government reforms and the introduction of new methods of work in other ministries. The foreign technical assistance is to be provided in a new way:

- public servants have on-the-job training and directly apply the knowledge they receive;
- international consultants share their experience, but they do not do analysis;
- training is developed on the basis of need, defined by the Secretariat of the Cabinet of Ministers of Ukraine.

Dr. Paul Brown, Professor at the Dalhousie University School of Public Administration (Canada) worked with the project interns on September 3–9. Professor Brown guided two seminars: "Policy analysis process" and "Typical policy documents"; he also held a series of working meetings with policy analysis groups. The major goal of these meetings is to assist the groups at the first stage of their research activity, particularly in problem definition and development of working plans for following the standard procedure of policy analysis.

For more information about the Project "Creation of a Resource Centre and policy analysis groups in the Government of Ukraine", please contact the project manager Volodymyr Nikitin (tel.: 463-5974, e-mail: vnikitin@icps.kiev.ua).

If you want to receive the materials of Mr. Brown's seminars, please contact Andriy Bega (tel.: 462-4937, e-mail: abega@icps.kiev.ua).

Secondly, any argumentation must account for the possibility of compromise. For instance, we cannot simply say anymore that taxes should be decreased to help business. The government realises more and more that it should set up a balance between interests—the interest of business development and public obligations. The arguments should clearly demonstrate the balance which provides the maximal gains for all social groups. The policy process, therefore, should be regarded not as a simple game where I win and you lose, but as a game where everybody wins.

Thirdly, a well-developed system of communication and the availability of clear analysis become absolutely critical.

Why does business need it? Business is interested in good economic policy. Overall, business is a key element of civil society, and in Ukraine business is the only sector of civil society which possesses sufficient resources to accomplish the analytic and informative activities which would call forth changes in the environment. Business is socially responsible, and it must work in a new way for its own interest.

Independent research—analytical documents that help political leaders and public servants to make better decisions—is one of methods business can employ to affect policymaking in a new environment. Here we mean the documents that inform public servants, help them to see problems more clearly, and to approach decision making conceptually. Independent research

develops the intellectual environment, which does not allow for bad decision making.

The independent status of research does not mean that the researchers do not have any set point of view. The major characteristic of independent analysis is that researchers are not related to any political interest. Otherwise, neither citizens nor politicians would trust the research. Another element of the independence is the absolute openness of the analysis. The researchers have the right to favour a certain position, but they must very clearly show the way they come up with this position.

Not everyone is supposed to agree with the conclusions of the research, but independent analysis helps to channel the discussion to the point which is the real essence of policymaking. Such research eliminates the confusion that frequently impedes good decision making and the divergence of opinion that results from incomprehension and insufficient information. This is extremely important for the Ukrainian government, where very few politicians and public servants have systemic information for decision making.

Finally, and simply, "clear thinking" can be of paramount benefit for the government. Frequently, public servants are incapable of stepping back, looking at a situation integrally, and analysing it objectively. Any materials that help public servants to act in this way become extremely influential. ■

ICPS Performs the First Independent Research Commissioned by Business

The International Centre for Policy Studies is finalising its work on the project "Analysis of Causes and Consequences of Illegal Tobacco Import and Circulation in Ukraine". This research was commissioned by the Coalition for the Protection of Intellectual Property Rights, represented in Ukraine by the US Company PBN. The necessity for the research arose from the significant increase of illegal tobacco imports to Ukraine that have resulted in losses not only for the tobacco industry (through the decrease in return on investments and the violation of property rights) but also for society overall.

The ICPS research group estimated the volume of illegal tobacco imports, the losses in budget revenues, as well losses to other parties. The researchers analysed the causes of illegal tobacco imports and circulation, and offered recommendations for solving the problem.

While doing this research, ICPS applied the following principles:

(1) independence of conclusions, (2) involvement of all interested parties, (3) presentation and analysis of all positions. The drafts of the research were discussed with representatives of government agencies and leading tobacco companies. At the end of September, the project report will be published and disseminated for public use.

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